

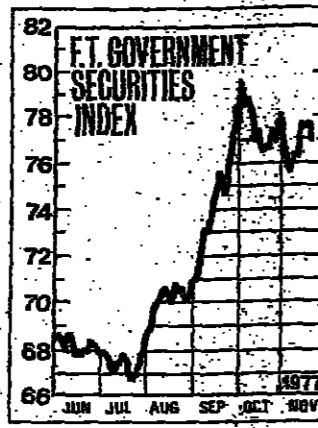
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NEWS SUMMARY

BUSINESS
Equities down 3.3; falls in Gilts

Equities falls were steady by the interim results from Becham, and the FT Ordinary index lost 3.3 to 481.8



by foreign exchange market fluctuation. The Government Securities index fell 0.68 to 76.98.

STERLING closed 28 points up at \$1.8195, its trade-weighted index unchanged at 837.

WALL STREET closed down 5.20 at 331.86.

IMF team is assembling in London for talks on Monday on UK inflation and monetary policy and the repayment of debts to the Fund.

CONSOLIDATED spending started to recover, while still below last year's average level.

BANK for International Settlements says borrowing is shifting from the less developed countries to Europe.

MONEY SUPPLY exceeds target
MONEY SUPPLY has moved above the top end of the Government's target range for the first time this year.

DIAMOND COMMISSION reports that diamonds are not being mined as heavily as in many other industrial countries.

SIR HAROLD WILSON'S progress report on the City is being published next month.

BARCLAYCARD is to cut its interest rate from 11 per cent to 10 per cent from Monday.

BRITISH SHIPBUILDERS Board member for finance will be Mr. Maurice Elgerfeld, former finance director with Ferranti.

CHOICE of NEDO director general has been delayed because of disagreement between politicians, civil servants and union leaders on whether he should be a civil servant or industrialist.

COAL must not lose its competitive price edge over oil as a result of forthcoming wage deals, Sir Derek Ezra warned South Wales miners.

INCORP has reported a profit of £14.7m for the six months to September 30, on group sales of £68.6m to £419m.

ROYAL DUTCH/SHELL nine months net income advanced £322m to £1,050m.

BRITISH AIRWAYS net half-year profit was £25m against £29m for the corresponding period of 1976-77.

Egypt's President expected to set out to-morrow for Israel

Two quit over Sadat trip

BY JAMES BUXTON AND OUR FOREIGN STAFF

PRESIDENT SADAT of Egypt seems set to make his momentous visit to Israel to-morrow, despite strong disapproval by Syria and the resignation of his Foreign Minister and, within hours, of the man appointed to succeed him.

Yesterday, it became clear that President Sadat was prepared to risk his political fate and only among the Arab ranks on a gesture which, he believes, will cut through the procedural haggling holding up the convening of a Middle East peace conference and impress U.S. and Western opinion with his commitment to a just settlement.

Mr. Sadat announced at a Press conference in Damascus that he was going ahead with his visit to Israel, while conceding that he had been unable to win President Hafez Assad's support for it. He then flew to Ismailia in Egypt.

Mr. Menahem Begin, Prime Minister of Israel, announced that Mr. Sadat had accepted his invitation to visit Israel and would arrive to-morrow.

In Egypt, Mr. Ismail Fahmy, Foreign Minister, resigned and Mr. Mohammed Riad, formerly a

Minister of State and nominated acting Foreign Minister, resigned soon after.

Later, Syria issued an official statement describing Mr. Sadat's trip as "an unfortunate initiative that is disastrous for the Arab nation."

Then, two small bombs exploded in the Egyptian Embassy in Damascus.

Although President Assad was only mildly critical of Mr. Sadat's initiative, the official Syrian statement indicates that relations between the two countries are worsening drastically.

Mr. Sadat refused to listen to our advice and insisted on continuing with what he had planned," the statement said.

There was speculation in the Syrian capital that an anti-Egyptian campaign, similar to that launched in Egypt's signing of the 1975 Sinai disengagement agreement, was being mounted.

At his Press conference earlier in the day, which President Assad did not attend, Mr. Sadat said: "President Assad does not agree with me. That is his conviction. He has the right to form his own ideas just as any other person has. But that does not mean there is a rift between us."

The idea for the visit to Israel had developed during his recent tour of Romania, Iran and Saudi Arabia. "As a result of the trip, I took a decision—although it had been cooking in my mind all the time."

He emphasised that he had not discussed the Israel visit with any of the heads of state he had visited and had not told the U.S. administration in advance.

The first public protest in Egypt came in a declaration by the country's Left-wing party, headed by Khaled Mubieddin, former revolutionary command council member, who helped overthrow King Farouk with the late Colonel Nasser and Mr. Sadat in 1952.

The long declaration said that the death of tens of thousands of Egyptians would be the result of the strike by allowing soldiers to use fire station equipment.

There were demands from both Government and Opposition benches for some concession. Mr. Rogers said the 10 per cent pay guidelines were "basically important to the future of the country."

Firemen's leaders believe that they have considerable public sympathy behind them in the dispute. They say that thousands of members of the public have signed petitions and handed in cash donations at fire stations during the week.

RAF leaders also claim to have received offers of assistance from other unions.

In their, four children died in two separate house fires early yesterday. Troops using two Green Goddesses were beaten back by flames and smoke as they tried to reach a two-year-old boy and his 10-month-old sister in one of the blazes.

In many parts of Britain yesterday, troops were taken to hospital overcome by smoke or with other injuries sustained while fighting fires. A Green Goddess overturned on its way to a fire at Morpeth.

Parliament Page 16

Little expected from to-day's fire talks

BY ALAN PIKE, LABOUR CORRESPONDENT

TALKS ON a new pay formula for firemen, which resumes to-day, are not expected to succeed in ending the national strike, following a meeting of the Fire Brigades Union executive yesterday.

Executive members, reporting on the mood of men in their unions, said that they would not accept a recall of the union's conference—the only way in which the strike can be called off unless the firemen's 30 per cent claim is conceded without an improved cash offer.

The union will meet local authority employers this morning to resume discussions on the new pay formula which were adjourned on Wednesday night.

Mr. Terry Parry, FBU general secretary, emphasised after yesterday's executive meeting that the talks were about a future pay formula.

Asked whether agreement on a new pay policy for firemen to apply on a future date would be enough to justify recalling the conference and recommending a return to work, he replied: "We have never got into the field of saying that a future pay formula was a basis for recommending anything."

Many executive members believe a recommendation to return to work without an immediate cash offer, beyond the one which has been made in line with the Government's 10

per cent guidelines, would merely be inviting a more humiliating defeat than union leaders suffered when they tried to end the strike at Eastbourne last week.

In an effort to step up the effects of the strike, FBU leaders yesterday saw senior officials of the National Association of Fire Officers and discussed the possibility of officers who are acting as advisers to troops, stopping work completely.

This is likely to be considered by the executive of the officers' association, possibly to-day. Late last night, increasing numbers of fire officers at London's main fire fighting control centre in Kingsway refused to cross the picket line.

At the same time, the Government announced plans to reinforce troops and their elderly Green Goddess fire tenders, who are trying to maintain emergency cover, with specialist RAF teams.

These will be equipped with breathing apparatus, cutting equipment and foam and will operate in 33 two-man teams based in large cities and towns.

The decision to call in the RAF crews, who will be drawn from ground training units and RAF hospitals, was taken by the Ministry of Defence on the advice of the Home Office chief fire officer.

In the Commons yesterday the Prime Minister told MPs that he would be having talks with Mr. Merlyn Rees, the Home Secretary, about equipment available to troops but said that he did not believe it was worth jeopardising a settlement of the strike by allowing soldiers to use fire station equipment.

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Parliament Page 16

Peugeot-Citroen in deal to produce cars in Iran

BY DAVID CURRY

PARIS, Nov. 17.

IRAN National, the Iranian car company to-day signed a contract with the private French group Peugeot-Citroen to produce a new middle-range Peugeot car at an eventual rate of 100,000 vehicles a year.

The agreement was signed between the French company and Iran National, which at present assembles the Paykan car based on the export of parts from Chrysler U.K. The contract calls for a £225m investment from the Iranian concern to double its capacity.

Chrysler, which won Government support for a £162m rescue package two years ago, partly on the strength of its Iranian contract, claimed that the deal would have no effect on its business. It sold about £100m—almost one-third of its turnover—in exports to Iran last year.

The Peugeot contract was won in the face of U.S. West German and Japanese competition.

The first cars—a version of the Peugeot 305 which is being

launched commercially in France to-day—will be produced in around two years from now. The build-up to 100,000 cars a year will take place over the next five years.

At first, Peugeot will supply around 60 per cent of the value of each car, but this will decline as Iran National improves its capacity. Peugeot calculates that if it were to supply half the value of the final output of the Peugeot plant, it would export some Frs.800m (£85m) a year.

It is the Peugeot-Citroen's first big step into the Middle East, although it has 12 assembly plants around the world. Renault already has a foothold in Iran. It is 40 per cent owner of a private Iranian vehicle assembler, Saepa.

Terry Dodsworth writes: Although the contract is clearly worrying for Chrysler, the U.K. company said last night that Iran National will continue to buy British Leyland executive, and is already decided that it cannot afford to invest everything in a company with such an uncertain future as Chrysler U.K.

The Paykan will be given a

Seamen reject 10 1/2% pay offer

BY NICK GARNETT, LABOUR STAFF

SHIPOWNERS yesterday offered 34,000 seamen a pay deal outside Government guidelines which would lift average earnings of foreign-going seamen to almost £100 a week.

The deal would be worth about 10 1/2 per cent on the seamen's total wage bill, on top of which the men would receive an extra 11 days leave.

The General Council of British Shipping said the extra leave had not been costed in percentage terms.

The National Union of Seamen, whose settlement is due in January, told shipowners yesterday that the offer was still unacceptable. Both sides are meeting again.

Yesterday's offer is an improvement on a previous deal suggested by the shipowners which would have increased overall earnings by 10 per cent including the extra leave.

The new offer would lift the minimum basic rate from £24 to £40 and the higher basic, which applies to the majority of seamen, from £10 to £45.11.

Average earnings for foreign-going seamen would be raised from £82.59 to £97.39.

The deal would include improvements in allowances, consolidation of Phase Two for working out overtime, and payment for "captive time."

The General Council said that the extra 11 days leave had been fixed last year with an agreement to pay it "when pay policy allows."

Shipowners are due to meet Merchant Navy officers next week to discuss a possible productivity deal. The 45,000 officers have still to settle under Phase Two.

Alan Pike writes: Mr. Albert Booth, Employment Secretary, is to face Commons questions about a pay increase for hotel and restaurant workers which will raise basic rates by between 13.3 per cent and 17 per cent.

The Licensed Residential Establishments and Licensed Restaurants Wages Council, a statutory body—has made the award despite representations by the Department of Employment. However, although the increase in basic rates is outside the Government's 10 per cent target, the Wages Council apparently believes that it meets the Government's guidelines in terms of average earnings through Continued on Back Page

Japan curb on currency inflows

BY CHARLES SMITH

TOKYO, Nov. 17. JAPAN to-night announced stringent controls on foreign short-term money movements, with the aim of reducing upward pressures on the yen.

The controls include: An immediate ban on purchases of short-term Government bonds by non-residents.

The effective freezing of foreign-held yen accounts in Japanese banks by the application of a punitive reserve requirement.

The reserve ruling sets the average level of free yen accounts during October as a base line and stipulates that any increase in the balance of such accounts from Tuesday onwards will have to be matched by an interest-free deposit with the Bank of Japan, equivalent to 50 per cent of the increase.

Bank of Japan officials claimed to-night that the two dollar would effectively block off channels through which some \$1.5bn. worth of foreign hot money flowed into the country during October alone.

This does not mean the yen is proof against other forms of speculation, which could continue to force up the exchange rate.

The Bank of Japan said to-night that its aim in introducing the controls was to "reduce confusion" in the exchange market rather than to freeze the yen-dollar rate at its present level.

There have been several hints from Japanese officials during the past two weeks that foreign currency inflows might have to be curbed, but the Government apparently decided to act tonight after a new flood of speculative activity pushed the yen through the 245 to the dollar barrier, at which the Bank of Japan had tried to hold it since the beginning of the week.

The market closed at a rate of one dollar to 244.10, another post-war peak.

The new level meant a gain of 1.30 yen during the day, nearly all of which was registered during the last hour or so of trading. The event which precipitated the move was a report of some abrasive comments on Japan's trading performance made to a group of Japanese opposition politicians in Washington.

Continued on Back Page
October surplus, Page 7
Editorial comment Page 20

£ in New York
November 17 Previous
Spot \$1.239-240 \$1.2196-220
1 month \$1.231-232 \$1.2132-34 prem
3 months \$1.230-231 \$1.2130-32 prem
18 months \$1.215-216 \$1.191-21 prem

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Table with columns for RISES, FALLS, and various market indicators like Ford (S & W), East Rand, etc.

Table with columns for FEATURES and various market indicators like Sadat for Jerusalem, Politics to-day, etc.

Table with columns for ON OTHER PAGES and various market indicators like Men and Matters, Money Market, etc.

LOMBARD The cost of hindsight

BY ANTHONY HARRIS

IN A SERIES of radio talks which is still, as I write, unfinished, David Henderson, Professor of Political Economy at University College London, has been engaged in a heartless and fascinating sport. He has been estimating the losses incurred on two high-cost, low-return projects, Concorde and the advanced gas-cooled reactor programme. He puts the total at around £5bn.

Now it is certainly as well to have some measure of these macro-losses, and extraordinary that we should have to wait for an academic to do the job. In the Public Accounts Committee were to follow Professor Henderson's example, and concentrate on the cost of bad decisions rather than of bad administration, his reports would be much more exciting and much more useful.

Legitimate

The first fundamental is how far it is legitimate to take advantage of hindsight in an analysis of this kind. Professor Henderson has chosen two high-technology projects as his examples, and those who go in for high technology are naturally in the business of making mistakes. Costing mistakes without analysing how they came to be made seems to me dangerously like sedition.

Not happy

It still seems to me, though, that the decision to build an AGR was entirely defensible, and I am not happy about Professor Henderson's measure of the cost, on two grounds. First, he assumes that the five stations now being built will be the last, but if the concept is developed and standardised, then we may yet get a return for the money spent on instructive mistakes.

Record £115,000 paid for violin

IT WAS ONE of the best days of the season at Sotheby's yesterday, where both Old Master etchings and musical instruments did well.

Saleroom

Out of London Lawrence of Crete sold pictures for £77,955 with two very good prices. A winter scene by Koekkoek made £12,000 and a watercolour of Portsmouth by William Turner of Oxford sold for £11,000.

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National airline for Wales

THE PROSPECTS for devolution may still be uncertain but Wales is at any rate soon to have one of the other modern symbols of nationhood—its own national airline.

Around Britain

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line proposals. The airline is to start very small with only one aircraft, a Piper Chieftain, on its North Wales, South Wales and France route. To this will be added a further two aircraft—the 30-seat Embraer Bandeirante, a turbo-prop aircraft built in Brazil and specifically designed for short distance high frequency operations. The two aircraft will be leased purchased and will cost Air Wales \$1m each.

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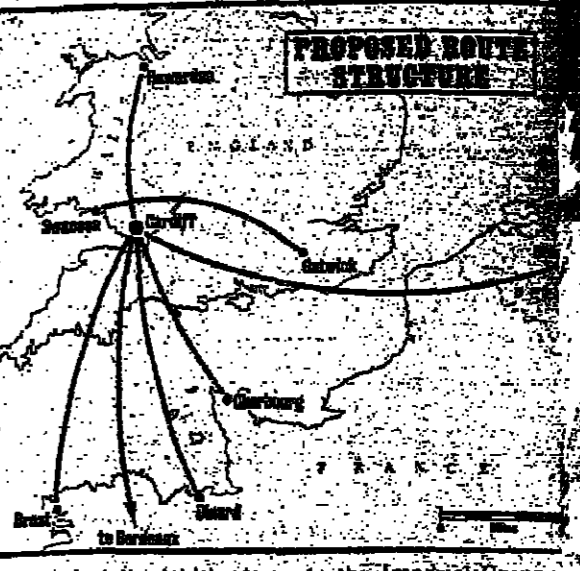
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PROPOSED ROUTE STRUCTURE

1972, has specialised hitherto as the Imperial Group, sales agents for a number of John Ross, chairman of smaller aircraft manufacturers, will serve as Air Wales' and as brokers buying and selling all types of aircraft. The supplying 75 per cent group's involvement in the £100,000 share capital was operating aircraft is limited very largely to its "Machete" subsidiary which is engaged on contract crop spraying in the Middle East.

Share capital

The group is backed, however, by a publicly quoted ship's chandlery and making a will. Both are general industrial concerns with a turnover last year of £17.7m, assets in which the Ross family has a substantial interest since it is not purely set in selling its frozen food interests but is based on real

Borg takes 40 minutes to crush Pattison

TOP-SEEDED Bjorn Borg, the centred on the Grand Prix set and was never the 21-year-old double Wimbledon champion from Sweden, warmed himself engaged in the American Team Tennis League.

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Borg takes 40 minutes to crush Pattison

TOP-SEEDED Bjorn Borg, the centred on the Grand Prix set and was never the 21-year-old double Wimbledon champion from Sweden, warmed himself engaged in the American Team Tennis League.

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F.T. CROSSWORD PUZZLE No. 3,522

Grid for crossword puzzle with numbers 1-30 in various positions.

ACROSS

1 See through doctor in principle (6)

4 One who arranges to call or otherwise (8)

9 Take away an intermediate class (8)

10 Call in a learner at the end (8)

12 Party going to race for a river in the end (9)

13 Mohair from Himalayan goral (8)

15 Check the way to work (4)

16 Drive crazy about wine in carriage (10)

19 What a waiter uses to get angle cut right (4-6)

DOWN

1 Red rose arranged in a screen (7)

2 Importer doctor gets people to us (9)

3 It appears in tax and light-headedness (6)

5 Token of love to people (4)

SOLUTION TO PUZZLE No. 3,521

Grid for crossword puzzle solution with words filled in.

ACROSS

1 See through doctor in principle (6)

Wales Today

Cinema

The Way We Were by NIGEL ANDREWS



Isabel Dean and John Gielgud

Hard-Life by B. A. YOUNG

that Julian Mitchell's past; but talk of this quality can never be dull for long. Moreover Sir Noel, played by John Gielgud, indeed the play is almost a concerto for Sir John. Sir Noel has private wealth, and cares little for the feelings of others. He keeps a new Master on tenterhooks about a promised legacy for a library. He baits a former 'favourite pupil' (Hugh Paddock), one of a succession that have filled his academic life with his secondary mind and faults.

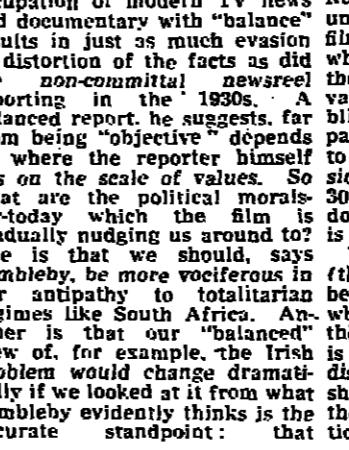
Before Hindsight The Other Cinema The Amsterdam Kill (AA) Casino

Before Hindsight is a documentary about British news coverage of the rise of Hitler in the 1930s, taking to task the powers-that-were for the dilatoriness with which they recognised the Nazi threat and the reluctance with which they presented it. The film has unlocked for us some of the most treasurable news footage of the decade I have ever seen: much of it from un-released or withdrawn newsreels (material that Movietone or Paramount evidently considered would ruffle the capitalist equanimity of their patrons) and other items no less revealing that were released and show the kind of ingratiating

Jonathan Dimbleby regaling the camera about the present-day evils of "balanced" reporting.

Jonathan Dimbleby regaling the camera about the present-day evils of "balanced" reporting. Dimbleby argues that the pre-occupation of modern TV news and documentary with "balance" results in just as much evasion or distortion of the facts as did the non-committal newsreel reporting in the 1930s. A balanced report, he suggests, far from being "objective" depends on where the reporter himself sits on the scale of values. So what are the political moralising and the film is gradually nudging us around to view of for example, the Irish problem would change dramatically if we looked at it from what Dimbleby evidently thinks is the accurate standpoint: that

rumbling crescendo of German rearmament, have in our own age been the greatest champions of non-intervention (appearance by another name) in Vietnam, Angola and Czechoslovakia 1968. For all its wealth of fascinating details, the ideological consistency of the film finally offers us the husky ironic one that its onslaught on "balanced" news is matched by the fanatical unbalance of its own reporting.



Robert Mitchum in 'The Amsterdam Kill'

But Mitchum, with nothing to do, does it majestically. The Mitchum chest has finally turned into an unequalled paunch, and the face now sags like an ageing bird-of-prey. But Mitchum acts, or non-acts, everyone else off the screen; and Robert Clouse's script and direction, elsewhere conspicuous by their absence, are a masterpiece in which he soliloquises drunkenly in his hotel room, and is so beguilingly tumbled, fumbling and incoherent that only afterwards does it occur to you that no characters in this putative commercial film are as vacuous as in this film, that is a distinct advantage.

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Finally, there are two or three dates that you must pencil in immediately in your London Film Festival diary.

Finally, there are two or three dates that you must pencil in immediately in your London Film Festival diary. To-morrow and on Sunday the Festival is showing Erwin Keusch's 'The Baker's Boy', an exquisitely funny and touching film about the plight of a small baker in the age of the Supermarket; its gentle humour expands before your very eyes into a richly detailed allegory on progress and the quality of life in the West. Monday and Tuesday, in twin sittings, the LFF is screening Syberberg's 'The Hitler Film' - a film for today. This film will probably be shown eventually by the BBC, but I should catch it now on the large screen and with a large, possibly vociferous audience. The film will be nothing if not controversial. Lastly, on Wednesday see the documentary double-bill by Herzog. I have seen only one of these films, 'La Sauterie', but that alone is worth the admission. Our intrepid filmmaker here visits a volcanic island hiker, or possibly minutes, before it is scheduled to erupt. With, as you will see, remarkable consequences.

Sphinx by CLEMENT CRISP

er new Sphinx, given emotional forces: her long, race performance by London gives movement a particular Dance Theatre lar and discrete power with a Slobhan Davies controlled by an able in the most assured and undimmed manner. So, at the beginning of her new oper in the country, she sets herself a solo past four years I have which establishes the mood of the entire choreographic structure of 'Fido', the new work. In each of these, getting under way - ticking, clanging, intelligence, and rattling with insect pace yet with sudden clicks that seem a modern equivalent of Bartok's evocations of human behaviour, has night music - Miss Davies stands west. Slobhan Davies's watchful, then bends and rises this same control of folds her body like an animal

Marlowe, Canterbury End of Term

The school where Peter Sallis has set his play, is the stigmata of Evelyn Waugh's 'Lambton Castle'. Malcolm Paley, the headmaster, has set it up as a freelance job - in the teeth of Mrs. Shirley Williams, no doubt - on leaving the Army. His late colonel is chairman of the governors (Daphne Godwin), and his wife becomes in Eve Pearce's hands a neat amalgam of comedy and pathos. There are three tiny little boys from the Geoffrey Chaucer School who have a hilarious time asking the matron (Daphne Godwin) embarrassing questions. Chris Hayes directs on an almost featureless set by Sean Cavanagh in which acting areas are picked out by the lighting.

Opera & Ballet

COLESHU. Credit cards 01-240 5258. Reservations 01-240 5259. PAUL PATTON OPERA. Tonight 7.30 Madam Butterfly, Tomorrow 7.30 The Barber of Seville, Tuesday 7.30 The Barber of Seville. Always available day after day.

ENTERTAINMENT GUIDE

Table with multiple columns listing theatre listings, including titles like 'The Father', 'The Alchemist', 'The Narrow Ground', and various opera and ballet performances. Includes details like dates, times, and prices.

The Father

erg wrote 'The Father' to Elvira Marlinus and the femininity of Ibsen but to David Essinger. The programme gives an emboldened defence no further details, but what we do know is that the different version of Michael Meyer's familiar 17-year-old daughter version. The great speeches of astrophysical provincial the last act where the Captain y and send her to a pleads like Shylock for pity from his lawyer friend in his household of female oppression. In the night, like the mad ramblings of a as pacing up and down drowsy. Laura, the verty a stragglehold on the by insinuating that in is unreasonable and anxious for the actors just to struggle through to the end. The production is the play has been over-taken by agony of watching it as Captain and Laura, as y Patrick Allen and erchant, come on like lunatics from the start. g is hushed and hesi- point of incipient col- daily collapsing in the the play with a disas- of misplaced lines fled emotions. They ar to be on the brink, pletely saboteges Mr. ances of total break- heart failure at the e family nurse (Anne ks a dead ringer for Mother) cajoles the to his straitjacket with of nursery-rhymes and childhood. "thing is a complete mstage lamps dimming, tending for no discern- m and shadows being usy cast on the side backstage. The side w has to serve for the e of Act 2 where the uris an oil lamp at his wife and proves an ous substitute for s's specific request that should be as realistic

Royal Opera Report

At the annual financial press conference for the Royal Opera House yesterday, Sir Claus Moser, Chairman, called for more radio and television broadcasts of opera and ballet. Sir Claus urged the Arts Council to arrange a major get-together of broadcasting organisations, promoters of opera, ballet and television, and to create representatives of the educational worlds to find ways of achieving his aim.

The Alchemist

The Oxford and Cambridge Shakespeare Company, presenting a non-Shakespearean work for the first time since it was formed, plays Ben Jonson uncut, as if hallowed, and rightly so, though it makes a long evening cutting, and if there is confidence in the ever changing fertility of image, and the hope - as there was clearly in the event, justified - that an audience will pick up the some-times abstruse wit, mixed with belly laughs, then better the conveniences of a red pencil be sacrificed. This cast never slackens its unforgiving relish of such a demanding text.

The Narrow Ground

As Subtle, Rob Collins heads the cast, a grey-cold passionate trickster, whose vigour hardly abates from his first, furious clash with Face. If Subtle is a Renaissance figure, a genius of emotional camouflage, Face (Mark Saban) looks forward to the Restoration, bewigged and mannered, an intellectual intruder. The rest of the cast keep up this pair's high standard: Mary's Tyrrell (Eileen Turlington) and Simon Franklin as the religious gulls, carry the performance to its peak of satirical frenzy. Tim Sabel's Epicure Mammon suffers, in some of his finer lines, the vagaries of fancy lighting, but by no means loses this magnificent personage's comic force.

Joint winner of the first Christopher Ewart-Biggs Memorial Prize The Narrow Ground Aspects of Ulster 1609-1969 A.T.O. Stewart Faber & Faber £5.95

Clubs

EVE, 189, Regent Street, 7.30-8.30. A la Carte Dinner, 10.45. 12.45. 14.45. 16.45. 18.45. 20.45. 22.45. 24.45. 26.45. 28.45. 30.45. 32.45. 34.45. 36.45. 38.45. 40.45. 42.45. 44.45. 46.45. 48.45. 50.45. 52.45. 54.45. 56.45. 58.45. 60.45. 62.45. 64.45. 66.45. 68.45. 70.45. 72.45. 74.45. 76.45. 78.45. 80.45. 82.45. 84.45. 86.45. 88.45. 90.45. 92.45. 94.45. 96.45. 98.45. 100.45.

EUROPEAN NEWS

Jenkins losing battle over monetary union

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE EFFORTS by Mr. Roy Jenkins, president of the EEC Commission, to win the support of his fellow Commissioners for his bold personal campaign to extract a political commitment from Governments to move rapidly towards European monetary union appear to be losing ground.

Mr. Jenkins's thesis forms the backbone of a paper approved by the Commission this week, which proposes an action programme for the next five years. It will be given its first reading by EEC Finance Ministers on Monday, and is expected to be submitted to the next "Summit" of heads of government of the Nine in Brussels early next month.

While the paper reaffirms that economic and monetary union should remain a guiding objective it accepts implicitly that it can be attained only in the longer term. This is in apparent contrast with Mr. Jenkins's own assertions that monetary union is needed to solve pressing and immediate problems like high unemployment, inflation and currency instability.

The paper also contains no reference to proposals for a single EEC currency, backed by a central monetary authority, which Mr. Jenkins has advocated. Its prescriptions for regional policy fall far short of the substantial transfer of resources from richer to poorer regions which Mr. Jenkins has said should accompany monetary union.

Brussels may try to regulate steel aid

By David Buchan

STRASBOURG, Nov. 17.

THE EUROPEAN Commission may try to regulate state aids to Europe's hard pressed steel industry in the way that it proposed earlier this month with national aids to shipbuilding.

The draft shipbuilding directive, which must win national governments' approval, makes the grant of state subsidies conditional upon shipyard modernising and reducing overall capacity. In the third "crisis industry" M. Vouel referred to in a Parliament debate on competition policy, the EEC Commission has asked member states not to give their man-made fibre sectors state cash for the next two years because of overcapacity.

DISPUTE OVER WESTERN SAHARA Franco-Algerian relations reach an all-time low

BY ROBERT MAUTHNER IN PARIS

RELATIONS between France and Algeria have reached a new low point over the abduction by the Polisario Front of 40 Franco-Algerian workers in Mauritania.

The Moroccan Government is reported to have taken an option on a further 25 Mirage and Mirage II fighters under licence for the sale of more than 40 Franco-Algerian support aircraft.

In addition, an entire Moroccan armoured division has been equipped with French armoured vehicles and trucks in the case of Mauritania. France has provided some 50 military experts, who are serving in the Mauritania forces under private contracts, in addition to 10 officers and non-commissioned officers attached to the school at Atar.

The last straw, as far as the Algerians were concerned, was the despatch last month of a detachment of several hundred French troops to the Cap Vert base near Dakar, the capital of Senegal, in a move clearly intended to back up French demands for the release of the hostages in Polisario hands.



President Boumediene



President Giscard d'Estaing

The immediate issue of the liberation of eight French civilians abducted last May and last month by the Polisario Front in Mauritania or near Zouerate, the Mauritania iron-mining centre, is but the tip of the iceberg. At stake is not only Algeria's relationship with its Maghreb neighbour, Morocco, and with Senegal, but also France's relations to these countries individually and its overall policy of involvement in North Africa and the African continent as a whole.

France's fighting for an independent Western Saharan state covering the former Spanish colony carved up by Morocco and Mauritania, after the tripartite Madrid agreement with Spain in November 1976, has been heavily backed by Algeria from the outset.

The Commission stated that EEC policy was only to grant third countries fishing rights on the basis of reciprocity. Mr. Gundelach says his other worry was to assure adequate supplies of mackerel to Community on-shore processing industries. He told reporters later that Community processors, particularly in the U.K., had told him that though hit by the EEC's recent total ban on herring fishing, they could survive by switching to mackerel processing instead.

Coming on top of the French military aid to Zaire last April after the invasion of its southern provinces by what was presumed at the time to be ex-Katanga guerrillas hostile to President Mobutu's regime, the French intervention in Mauritania is a clear indication of a new policy towards the West African continent. It will be asked whether President Boumediene, whose i on Polisario cannot be did not seriously misjudge the situation. He has clearly decided in his aim of purging the West African continent of the front world stage, but in doing has provoked a much French involvement in N Africa than hitherto.

Sindona inquiry by Banco di Roma

By Paul Betts

ROME, Nov. 17.

THE STATE-CONTROLLED Banco di Roma, one of Italy's largest commercial banks, is to set up a commission of inquiry into recent allegations concerning the possible involvement of senior bank officials in the Sindona affair.

Last week Sig. Mario Barone, joint managing director of the Banco di Roma, was arrested in Milan and held for 24 hours. He was charged with lack of co-operation by the Milan magistrates carrying out the protracted investigations into the former operations of the financier, Sig. Michele Sindona.

The issue concerns an alleged list of 500 former clients—including, it is suggested, leading Italian political and financial personalities—of Sig. Sindona's Banca Privata Italiana. The clients' deposits are alleged to have been transferred into foreign currency in a Geneva bank, also controlled by Sig. Sindona, before being "laundered" and returned to Italy.

The Banco di Roma took control of Sig. Sindona's Banca Privata Italiana and his construction group, Societa Generale Immobiliare (SGI), when his financial empire collapsed three years ago. It is also understood to have extended substantial credits to the former Sindona companies.

The decision to set up the commission was taken after a lengthy Banco di Roma Board meeting last night. The Board said that the commission had been suggested by the bank's two managing directors. They regarded the affair as "damaging to the bank's image."

Yesterday, the management committee of the bank, which is controlled by the Italian State holding company, Istituto per la Ricostruzione Industriale (IRI), said the bank itself was "completely detached" from the controversial affair. One of the three members of the investigating commission is Sig. Carlo Mezzalana, chairman of the IRI Board of arbitrators.

Soares makes final plea for economic consensus

BY DIANA SMITH

LISBON, Nov. 17.

IN A powerfully worded speech to Parliament this evening Prime Minister Mario Soares made a final bid for political consensus and survival of his minority Socialist Government in its present form.

Some parties have threatened us with motions of censure," the Prime Minister said. "We are ready to make their task easier. If, by the end of this month there are no conditions for an agreement giving us necessary support and means of operation we will offer ourselves for a motion of confidence. If this is refused, we will resign as the constitution demands."

Yesterday, Sr. Soares handed a 25-page memorandum to his political opponents setting out suggestions for a common policy with a two-week deadline for an affirmative response. The memorandum rejects the demand for a coalition Cabinet party—Sr. Soares's closest rivals—but indicates the Socialists might be prepared to welcome "independents" into a reshuffled Cabinet.

It also admits that the bulk of the IMF terms for standby and medium-term loans will have to be accepted (these imply credit and import restrictions in order to cut the \$1.5bn. balance of payments deficit, and severe austerity next year). Although the memorandum concedes new and clearer definitions of the frontiers between public and private sectors, for which the Portuguese Confederation of Industry has long been asking, it still insists that the rights to strike and for workers to supervise management, asking in return that workers "discipline themselves and reduce absenteeism."

Sr. Soares has put the onus for Portugal's future squarely on the shoulders of his opponents. "After so much criticism, much of it contradictory and unfair," he said, "perhaps it is not a bad idea for the opposition to show the country what it amounts to."

The central bank has announced that since January 1 60 tonnes of gold have been disposed of: 46.2 tonnes of these were used to repay an emergency \$300m. stabilisation loan from the U.S. Treasury, granted in February. It was insisted at the time this loan was granted that Portuguese gold would not be used as collateral or guarantee; this, however, does not appear to have been the case.

Home boost for German industry

BY JONATHAN CARR

BONN, Nov. 17.

THE WEST German Government's latest measures to help stimulate the economy appear already to have made some inroads, according to the Bundesbank report published today.

It notes a sharp rise in domestic orders to manufacturing industry in September—especially to capital goods sectors, including machinery construction and electrical engineering. The September boost meant that the domestic order intake for the third quarter was markedly above the second quarter result.

The Bundesbank feels that the Cabinet's decisions in September played a role in this. They included tax concessions, more favourable depreciation allowances for industry and more state aid for industrial research. The Government hopes that these steps will help ensure real growth in GNP of some 4.3 per cent. last year against about 3.1 per cent. this year.

Foreign orders to industry were markedly down, however, in the third quarter against the second, mainly because of the slow economic upturn in key Western European trading partners. Thus, unusually for Germany, a domestic upswing, albeit small, is helping to compensate for a fall in foreign demand.

The Bundesbank also emphasises what several company interim reports have already indicated—that the improvement in the profitability of enterprises achieved in 1976, the first for six years, has probably not continued this year.

Giving preliminary findings on 1976 (based on the examination of some 17,000 balance sheets), the Bundesbank says that while turnover of enterprises increased by 11 per cent. against 1975, net profit was up by about one quarter. Profits expressed as a percentage of sales thus moved up to 2.5 per cent. in 1976 against only 2 per cent. in each of the two preceding years. This must, however, be seen against the average of 3.5 per cent. achieved for 1975-76.

SPD supports N-power

BY ADRIAN DICKS

HAMBURG, Nov. 17.

CHANCELLOR Helmut Schmidt and his Cabinet colleagues tonight survived the most serious of the challenges to their leadership raised at the Social Democratic Party (SPD) conference here, when they secured a substantial majority on a show of hands for a resolution that ensures a future for nuclear energy in West Germany.

The conference vote, at the end of a day of lively debate, in effect aligns the SPD closely with the position adopted by its coalition partners, the Free Democrats, in their own conference 10 days ago. Although the conference refused to approve the complete moratorium on nuclear power sought by many on the left of the SPD, the resolution finally adopted also represents major concessions to the critics and sets what may turn out to be strict conditions on nuclear energy development.

SPD policy is now to give priority to coal—West Germany's only domestic energy reserve of any size. Nuclear power stations in operation, representing capacity of about 6,400 MW, will continue to work subject to stricter safety rules. Those under construction (about 14,000 MW more) will be completed, provided that concrete steps have been taken towards assuring final disposal of highly radioactive wastes.

No further nuclear plants are to be considered, however, unless all other available sources of the equivalent amount of energy have been exploited according to the resolution, although SPD leaders insisted that this position did not represent a "domestic block" on nuclear power.

Ekofisk development costs rise

BY KEVIN DONE

DEVELOPMENT costs of the Ekofisk oil and gas complex in the Norwegian sector of the North Sea have risen by some 15 per cent. over the past 12 months, according to Phillips Petroleum, the field operator.

The estimated capital development costs have risen to \$8.2bn. (\$2.9bn. from an estimate last year of \$4.5bn. (£2.5bn.)) These figures include the development of the seven Ekofisk oil fields, the oil pipeline to Teesside, and the gas pipeline to Emden in north Germany, and processing facilities onshore. Phillips blames the increase in costs on a combination of factors, chief among them new Norwegian labour and industrial regulations.

EEC plans new ties with Yugoslavia

BY OUR OWN CORRESPONDENT

BRUSSELS, Nov. 17.

NEW ARRANGEMENTS for broader co-operation between the EEC and Yugoslavia have been proposed by the Commission. It is seeking a mandate to negotiate a broad non-preferential outline agreement for commercial and economic co-operation which would contain specific provisions for closer collaboration in industry, agriculture, financial affairs, transport, environment, labour and fisheries.

French trade balance again in surplus

BY OUR OWN CORRESPONDENT

PARIS, Nov. 17.

THE FRENCH trade balance was in surplus in October for the second month running. Seasonally adjusted, the surplus was Frs.137m. (about \$14.5m.), compared with one of Frs.421m. in September, while the crude figures show a surplus of Frs.139m. Though seasonally adjusted exports, at more than Frs.228m., dropped in October by 0.8 per cent. compared with September, the year-on-year increase was 15.5 per cent. Imports, at Frs.27.9bn., rose by only 0.2 per cent. compared with September and 1.2 per cent. since October 1976.

The adjusted deficit over the first 10 months of this year totalled Frs.15bn. For the 1976 period it was more than Frs.15bn. Agricultural exports increased from Frs.1.6bn. in September to Frs.1.9bn. last month, while imports fell from Frs.2.5bn. to Frs.2.5bn. The failure of the Socialist Government to agree a common government programme has not significantly improved the ruling coalition's support, according to a poll today's Le Figaro.

Although the combined poll for the left has dropped from 53 per cent. to 49 per cent. since June, the polls lost have gone to New Ecology Movement, a proportion of voters intent to vote for the Government in the first round next March's general election has remained steady at 41 per cent.

THE GREEK ELECTIONS

Karamanlis opponents race to be runner up

BY DOMINICK J. COYLE IN ATHENS

A GREAT political upset will be required for the New Democracy party of Mr. Constantine Karamanlis to lose the Greek general election on Sunday. The outcome is held generally to be so certain that many of the 6.3m. registered voters would probably not bother to go to the polls at all, were it not for the fact that voting is compulsory.

The real question for Sunday is, in fact, twofold: what percentage of the popular vote will Mr. Karamanlis hold, compared with his convincing 54 per cent. victory three years ago, and what happens of even greater significance in the long term, which party leader will come in second to take over the mantle—and thus potential—of leader of the opposition in the 11th post-war parliament of the Helles.

All the experts agree that the electoral system can give a parliamentary majority to a party capturing about 43 per cent. of the national vote. Hence the Prime Minister has a sizeable margin of some 10 per cent. before his Government is in real trouble. Most observers here consider that the New Democracy will in fact stay on the safe side of that line.

Decisive

But an electoral setback to around 45 per cent. might have something of a psychological impact on Mr. Karamanlis. After all, he has called this election a full year ahead of schedule in order to secure a renewed mandate for tackling a number of major foreign policy issues, including membership negotiations with the Common Market, and relations with Turkey, about Cyprus and the disputed Aegean continental shelf. He has forecast that the letter will enter a decisive stage in the course of 1978.

There can be no doubt but that his achievements since his return have been considerable. He has lifted Greece from the chaos it had become from seven years of military misrule and, in any generally acceptable sense, he has restored democracy, given Greeks back their self-respect, and restored to them a sense of national self-confidence.

It is this feeling of security and the widely-held view that Mr. Karamanlis can always be counted on to act responsibly in promoting Greek national interests which are his trump cards for Sunday, given the present very strained relations with Turkey. What can be held against him is his failure, in a way to consolidate the re-establishment of democracy by amending for the time when even he must have the scars of the military misrule which he and when Greeks will have to

manage without him. He is 70, and Greek democracy still of centres on his own personality. There is no obvious single heir-apparent.

In a sense that raises the second issue of these elections: "Which party will come home second?" Last time it was the Centre Union-New Forces (once renamed the Union of the Democratic Centre) under Mr. George Papandreu, a former Deputy Premier and Foreign Minister to Mr. Karamanlis. Both these parties are ranged on the Centre-Right. A merger between them is always possible, and is thought likely. Mr. Papandreu, who has been the president during the life of the last parliament, has shown the leadership of Mr. Papandreu, and perhaps even the very survival of the party would depend on his showing on Sunday. The indications that the last forces to challenge on Democratic Centre may have in the field stand place, and that the status and potential of the main opposition in Parliament, the Socialist Party of Mr. Andreas Papanastasiou, of the man who defeated the Karamanlis forces in the 1968 general election, has risen up to the level of the polls last time, suggest that the party which will be the runner-up will be the party which will be the runner-up.

Interest will also attach to the showing of the Moscow-orient Communist Party which, for very survival of the party would depend on his showing on Sunday. The indications that the last forces to challenge on Democratic Centre may have in the field stand place, and that the status and potential of the main opposition in Parliament, the Socialist Party of Mr. Andreas Papanastasiou, of the man who defeated the Karamanlis forces in the 1968 general election, has risen up to the level of the polls last time, suggest that the party which will be the runner-up will be the party which will be the runner-up.

Potential

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Bayerische Landesbank announces with pleasure the opening of its Representative Office in Vienna. Bayerische Landesbank Girozentrale. Representative Office in Austria: A-1010 Vienna - Börsegebäude - Wipplingerstr. 34. Telephone: 222/663141 - Telex: 77543 baywi. Representative: Dr. Ernst J. Stroz. International Banking with Bavarian Drive and Friendliness.

AMERICAN NEWS

Forecasts stripped U.S. growth

WASHINGTON Nov. 17. THE ECONOMY grew in the quarter of this year only faster than had been reported to-day. Official statistics covering retail sales suggested the present level of activity may be more than implied by the figures on industrial production which showed a modest rise last month.

Burns defends Fed from increased public scrutiny

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 17.

DR. ARTHUR BURNS, chairman of the Federal Reserve Board, this morning vigorously opposed proposals that would require it to disclose much more of its policy-making deliberations to Congress and to the public.

particularity of sensitive discussions related to problem banks, the staggering administrative burden on both the FED and congressional staffs, and the "stifling effect" that disclosure would have on the deliberations of the FED board.

Cubans in Africa worry U.S.

BY DAVID BELL

WASHINGTON, Nov. 17.

THE CARTER Administration is increasingly concerned at what it believes is a steady expansion of Cuban military activities in Angola, Ethiopia and 11 other African countries.

Castro regime is gravely overreaching. The spread of Cuban involvement beyond Angola to Ethiopia and to other countries is taken here as a response to a Soviet request for assistance.

Argentina 'able to produce atom bomb'

By Hugh O'Shaughnessy

THE ARGENTINE government has hinted at the spectre of nuclear rivalry in Latin America, a few days before a South American tour by Mr. Cyrus Vance, the U.S. Secretary of State.

Speaking at a news conference in Buenos Aires on Wednesday, Rear-Admiral Carlos Castro Madeto, head of the Argentine National Atomic Energy Commission, said, "Argentina has the manpower and technology to produce the atom bomb."

American Motors to stop output next week

By John Wyles

NEW YORK, Nov. 17.

AMERICAN Motors, the smallest and most hard-pressed company in the U.S. motor industry, is to stop production next week in an attempt to reduce its stock of vehicles.

The company is in effect to lose only three days of production, which would yield about 2,550 vehicles, because next Thursday and Friday will be holidays in the motor industry.

OVERSEAS NEWS

Kruger may have to testify on Biko 'cover-up'

BY QUENTIN PEEL

JOHANNESBURG, Nov. 17.

MR. JIMMY KRUGER, the South African Minister of Police, may have to be called to give evidence at the inquest into the death of high up did it go? The Minister black activist Mr. Steve Biko, it might have to be called to decide.

questions arose from the Minister's statement: where did the cover up begin and how the cover up did it go? The Minister black activist Mr. Steve Biko, it might have to be called to decide.

However, in a fourth day of dramatic evidence at the inquest, held in the old synagogue in Pretoria before a packed courtroom, Mr. Kenridge was himself accused of waging a vendetta against the South African Security Police.

More Overseas News Page 6

Whitlam opens campaign

BY KENNETH RANDALL

CANBERRA, Nov. 17.

THE OFFICIAL campaign for Australia's general elections on December 10 began to-day with the presentation of the Labour Party's policy by its federal leader, Mr. Gough Whitlam, and with a deepening cloud over the political future of the treasurer, Mr. Phillip Lynch, who is Deputy Leader of the Liberal Party.

for providing jobs. In this way, business can be galvanised, jobs created and inflation brought down.

Rate report Pertamina 'crisis'

By Own Correspondent

WASHINGTON, Nov. 17. AN international banking crisis only just averted three ago when Pertamina, the Asian state oil company, entered serious operating losses according to a report to-day by a subcommittee of the Senate Foreign Relations Committee.

Mexico economic chiefs sacked

BY ALAN RIDING

MEXICO CITY, Nov. 17.

PRESIDENT Jose Lopez Portillo of Mexico last night abruptly dismissed his Ministers of Finance and of Planning and Budget, who have been at loggerheads recently over the management of the economic recovery programme.

At the same time, Government sources pointed out that the Budget debate had emphasised the differences in approach and personality between the two ousted Ministers. They had also frequently clashed at meetings of the inner Economic Cabinet.

U.S. to order Minutemen after all

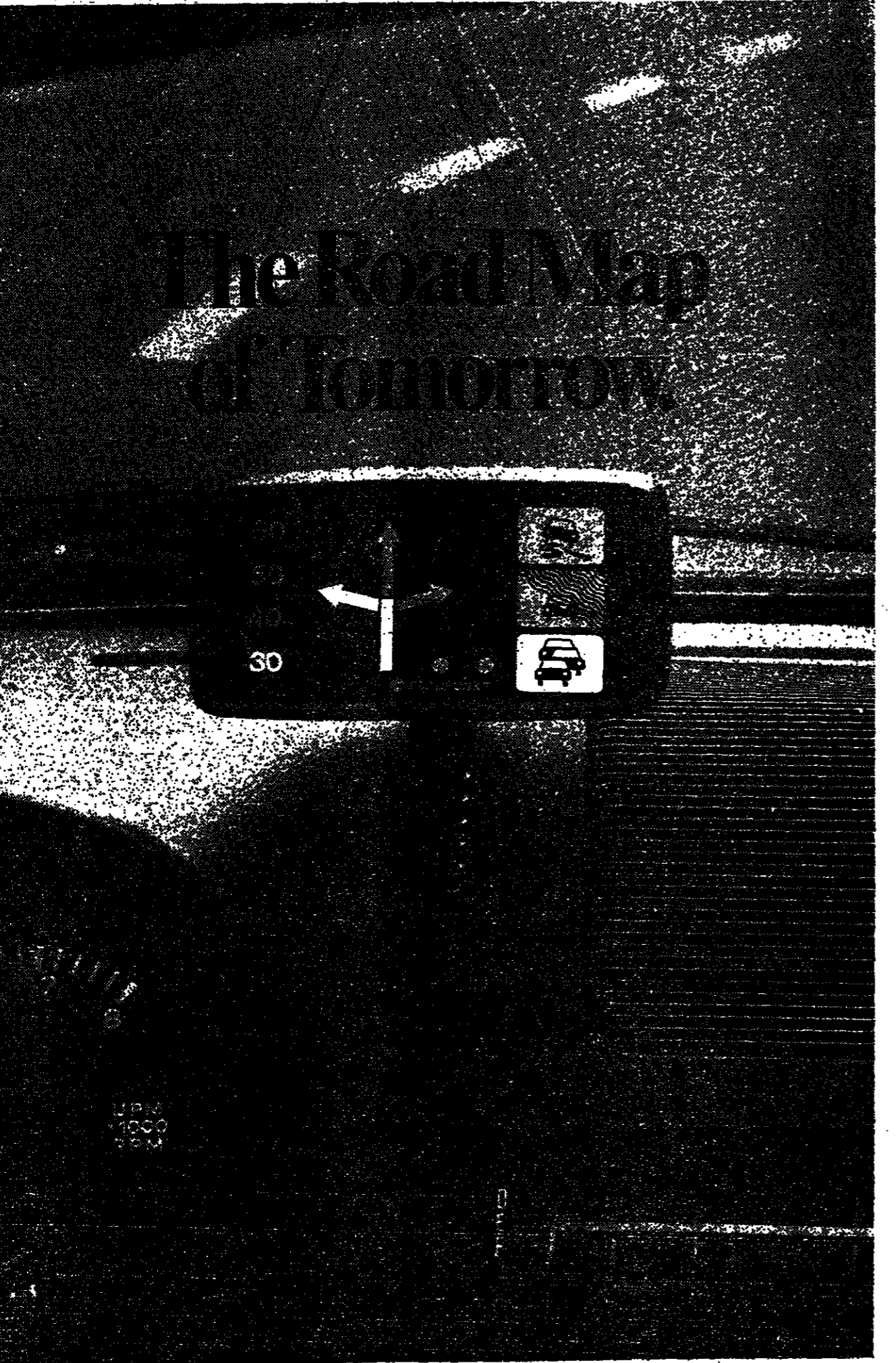
WASHINGTON, Nov. 17.

THE U.S. Defence Department, which announced in July that it was ending production of the only land-based strategic missile still coming off assembly lines—is now going to spend \$105m. for an additional 30 of the Minuteman III rocket boosters.

Renault and Daimler 'in talks on White'

Financial Times Reporter

RENAULT of France and Daimler Benz of West Germany are said in New York to be among several companies which have taken part in discussions concerning the acquisition of White Motor Corporation, one of the oldest truck and farm equipment manufacturers in the U.S. It has been hit by a series of cash crises over the last few years.



Are there icy roads, fog or traffic jams ahead? Precisely when should you turn off? At what speed should you drive when approaching congestion points? - 30 mph ... 40 ... 50 ... 60 ... ? A new driver guidance system, called ALI (standing for Driver Guidance and Information System) is providing the answers at the extensive Blaupunkt works in West Germany.

You get into your car, tap out your destination on a small coding device which looks much like a pocket calculator and from then on, all the information you need concerning where and how to drive is flashed up on a small display face (no bigger than your hand).

How ALI works for you An induction loop is set in the road surface before each road junction. This loop both receives and transmits information to and from an electronic station mounted at the side of the road.

From the millions of incoming signals reaching it, the central computer calculates the ideal speeds and routes for each individual vehicle. ALI may seem to be a science fiction fantasy. But this revolutionary

new system, which was developed between the Aachen Technical College and Blaupunkt, a member of the Bosch Group is a real-life fact. How much would ALI cost? Probably no more than you would pay for a car radio.

There's more to Bosch than you think: Your car engine almost certainly has some Bosch parts; and it may well be tested by Bosch equipment at its next service.

Many of the goods people buy in their supermarkets have been packed with machines produced by Bosch. These provisions may be stored in a Bosch refrigerator or freezer in a Bosch kitchen.

Television viewers will have seen the Olympic Games through Bosch eyes, as many of the sporting events were televised by Bosch Fernseh cameras. News and entertainment in cars can be received with Blaupunkt auto sound systems.

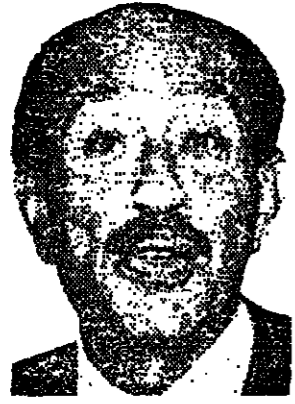
Bosch electric power tools are at work on construction sites world-wide. Bathrooms and kitchens are equipped with Bosch fittings and built-in units. Deep-cooled blood stored in many European hospital blood-banks is restored to body temperature with Bosch medical equipment.

Bosch employs 5,700 people in research and development alone. Bosch have at present 10,000 patents through-out the world, with 15,000 pending.

Robert Bosch Limited, Watford, Hertfordshire



SADAT'S OVERTURE TO BEGIN



Syria attacks Arab 'disaster' U.S. welcomes visit but fears that it may backfire

BY ROGER MATTHEWS

DAMASCUS, Nov. 17.

BY DAVID BELL

WASHINGTON, Nov. 17.

RELATIONS between Syria and Egypt worsened sharply to-night after President Anwar Sadat's refusal to call off his trip to Israel and the resignation of the Egyptian Foreign Minister, Mr. Ismail Fahmy.

In a statement issued here to-night Syria described Mr. Sadat's planned trip as "an unfortunate initiative that is disastrous for the Arab nation."

The statement, issued by the Government and the Ba'ath Party, emphasised that everything had been done to persuade President Sadat to change his mind. Syria had purposefully held off making any public statement on the Egyptian President's initiative until after he had visited Damascus so that President Hafez al Assad could talk to him about it.

But Mr. Sadat refused to listen

to our advice and insisted on continuing with what he had planned, the statement said. Two small bombs exploded at the Egyptian Embassy here this evening, causing some damage but apparently no serious casualties. A large security cordon was thrown around the building and surrounding streets. Shattered windows could be seen on the top two floors of the building and broken glass littered the surrounding garden.

Speculation immediately increased after the statement had been issued that the situation now was similar to that in September 1975, when Syria mounted a fierce campaign against Egypt over the signing of the second Sinai disengagement agreement.

According to some sources, newspaper editorials are being prepared for to-morrow to

denounce President Sadat in much stronger terms, and to-night television was showing films of President Assad with other Arab leaders, apparently in an attempt to show that Mr. Sadat is out of step with the rest of the Arab world.

The Government statement added: "We in Syria have done everything we can to maintain our strategic relationship with Egypt and have even suffered the consequences of that. But now we must also exercise our duty of informing the Arab world about the serious dangers posed by President Sadat's initiative to the entire Arab cause."

Describing Mr. Sadat's move towards Israel as "a new and dangerous situation," the Syrians urged all Arabs to link together. All Arabs, in what ever country, had the duty to shoulder their national responsi-

bilities "because of the dangers caused by any Arab leader visiting Israel."

In a direct appeal to the Egyptian public, the Syrians emphasised that no single leader would be able to stop the people from exercising its national duty. "The will of the people has always been stronger than any leader."

The tone of to-night's statement is more emphatically opposed to President Sadat than the more measured words of President Assad at the airport after he had said goodbye to the Egyptian leader.

Sources suggested that the Syrian attitude would become progressively tougher in the next few days, and that Mr. Sadat's main hope of winning arduous Syrian acceptance for his Israel visit had effectively failed.

U.S. OFFICIALS, who have been taken aback by the events of the past 24 hours, are increasingly concerned that President Sadat's trip may gravely weaken his position inside Egypt as well as in the Arab world at large.

President Carter, asked this afternoon if there was a danger that the Egyptian President's trip might backfire, acknowledged that there is always a danger, but he added: "It is a good thing and I am in favour of it. It is a good chance to open up Middle East negotiations."

Official comments from the State Department have echoed this position, but privately officials are worried that Arab opposition to the Sadat venture—and the resultant assurances advance, but it appears that he will already have made it more difficult to arrive at a common Arab position about a new Geneva conference, and for all the confrontation States to be present at it, is still the cornerstone of the Administration's policy.

Events have moved so fast that officials are not yet sure of their analysis. But the sudden realisation of Mr. Fahmy and the refusal of Mr. Mahmoud Riad to take on his job are taken as a clear indication of intense opposition to the Sadat move from inside the Egyptian Government.

Many officials are concerned that the initiative may have aroused considerable opposition inside Egypt's armed forces. Any attempt to overthrow Mr. Sadat, it is felt here, would be almost certain to come from the army, although officials are very quick to add that there is no sign that any such attempt is imminent.

The extremely hostile Syrian response was not entirely a surprise here. The Administration, however, is concerned that it could mean the effective end of the unified Arab attempt to develop a common position about Geneva. Some officials—those who favour the Carter approach—will not object too much, however, to what could turn out to be an Israeli-Egyptian rapprochement.

They believe that it will be much easier to negotiate a settlement country by country, but here much depends on the attitude of the Saudis. It is not clear if President Sadat cleared his initiative with them in advance. Whatever may have happened, it is clear that Saudi opposition to the Sadat expedition would seriously weaken the Egyptian President.

U.S. officials are waiting with intense interest to see how Mr. Sadat acts on his visit to Jerusalem. He may take the opportunity to deliver a hard-line speech to the Knesset which would favour the Carter approach, but it appears that he will still much of the public take on his job are taken as a clear indication of intense opposition to the Sadat move from inside the Egyptian Government.

Israel's invitation

The following is the text of the letter despatched on November 15 by Prime Minister Menahem Begin of Israel to President Sadat of Egypt.

Dear Mr. President, On behalf of the Government of Israel, I have the honour to extend to you our cordial invitation to come to Jerusalem and to visit our country.

Your Excellency's readiness to undertake such a visit, expressed to the People's Council of Egypt, has been noted here with deep and positive interest, as has been your statement that you would wish to address the members of our Parliament, the Knesset, and to meet with me.

If, as I hope, you will accept our invitation, arrangements will be made for you to address the Knesset from its rostrum. You will also, should you so desire, be enabled to meet with our various parliamentary groups, those supporting the Government as well as those in Opposition.

As to the date of the proposed visit, we shall be glad to meet with you conveniently. It so happens that I am scheduled at the invitation of Prime Minister Callaghan to leave for London on Sunday, November 20, on an official visit to Great Britain. Should you advise me, Mr. President, that you would be ready to come to Jerusalem on Monday, November 21, I would ask Prime Minister Callaghan's indulgence and arrange to postpone my visit to Britain, so as to be able to receive you personally and to initiate together with you talks on the establishment of peace, for which, as we both know, the peoples of the Middle East yearn and pray.

Alternatively, should you decide to come here on Thursday, November 24, or thereafter, I would be back from London by Wednesday afternoon, and greet you upon your arrival.

May I assure you, Mr. President, that the Parliament, with the Government and the people of Israel, will receive you with respect and cordiality.

Fahmy: 'No option but to resign'

BY MICHAEL TINGAY

CAIRO, Nov. 17.

MR. ISMAIL FAHMY, Egypt's Minister of Foreign Affairs since the end of the October 1973 war, who submitted his resignation to-day, has been the key figure in President Sadat's foreign policy for the past four years and supervised the change in Egypt's direction away from the Soviet Union and towards the U.S.

His resignation, which was seen here as his only option, after Mr. Sadat's public announcement that he had not consulted any of his close aides over the decision to visit Israel, was the first wave in what will certainly be a storm of reaction.

To-day President Sadat flew directly from Damascus to his rest house in Ismailia, where in the past he has traditionally spent the Moslem feast of Corban Bairam which starts officially on Sunday. Foreign Ministry officials were playing down the resignation, but a major blow for the Egyptian President could not be disguised.

An Egyptian close to Mr. Fahmy said: "I don't think the Foreign Minister really believed it would actually happen—not while he was in Tunisia at the Foreign Ministers' meeting. He resigned because he felt his foreign policy had been bypassed. There is no reason to suppose any other resignations in the Government."

However, the force of feelings among intellectual Egyptians continued to build up to-night as the full implications of the visit began to be understood.

A former Cabinet Minister, who admitted he was stunned by the news, said: "This announcement should have made anyone with any fibre in the Government resign."

With the possibility of serious opposition developing to Mr. Sadat's move, Cairo was wondering how the War Minister, General Mohamed el Gamassi, had taken the news. The reaction of the army was seen as a crucial element in the political crisis, but the Minister could not be contacted.

Official preparations for the President's visit were under way to-day, and a list of almost 100 journalists was drawn up by the

Ministry of Information. The Government is planning a plane for foreign and Egyptian journalists to accompany the official delegation, and an advance security men was due to arrive in Jerusalem on Friday.

In the Foreign Ministry, officials discussed the situation late into the night but were at pains to play down the atmosphere of crisis. One Foreign Ministry official commented, "All President Sadat is doing is taking a courageous stand of faith and is going to talk sense to the Israelis in their own home."

"Why should a man when he plants a bomb be called a hero?"

When a man plants a flower of peace should he not be lauded equally?"

The first mention of the Israeli Knesset visit, in the People's Assembly eight days ago, was greeted with applause. This was quickly followed by public discussions with American congressional delegations. The Bairam feast, due to fall on Monday, was put forward to Sunday which meant that students began a 10 day holiday to-day.

The extension of holidays is a normal method of forestalling student protest here. To-night there were unconfirmed reports of the distribution of protest pamphlets and student arrests.

Jubilation in the streets of Jerusalem

BY DAVID LENNON

TEL AVIV, Nov. 17.

EXCITEMENT mounted in Israel this evening as the news of the forthcoming visit of President Sadat of Egypt spread through the country.

"The unbelievable is about to happen," declared the newsreader on television this evening. In Jerusalem, there was spontaneous dancing in the streets. One passing believer said that the visit of Mr. Sadat was "the super-plan of the Almighty."

Throughout the country, and particularly in Jerusalem, teams of officials began working on

plans for this unprecedented event. The possibility of a visit had been mentioned for the past week, but no one really believed that it would happen.

The two key concerns of the government are security and protocol. There is much concern here that there may be an attempt to assassinate the Egyptian leader. The fact that he has asked to pray at the Al-Aksa Mosque in Jerusalem aroused memories of the assassination of King Abdullah of Jordan there

in 1951. He was killed by Palestinians protesting against discussions by the king with Israeli leaders in seeking a peace agreement.

"Festival Sadat" was how the disc jockey were describing the excitement. There was no other topic of conversation. The overwhelming majority of Israelis were delighted with the news. Only a few prepared to voice their doubts, and complain that it was all a public relations exercise which would not advance the cause of peace.

The coolest man in Israel, according to him, was Mr. Menahem Begin, the Prime Minister. He had 24 hours more than the rest of the country to prepare for the event. He said that he had always been re-

strained in times of tension. One of the ironies of the Sadat visit is that he will stay in Jerusalem at the King David hotel, which was blown up in the 1940s by resistance fighters with whom Mr. Begin was in-

terested in the Israeli Parliament. A serious weakening of President Sadat would also prevent problems, but it would enable the Jerusalem Government to point out that the Arabs are so divided among themselves that they are not even prepared to allow one of their number to put the Arab case in the Israeli Parliament.

Finally, if the Sadat Government is prepared to make some separate kind of accommodation with Israel that will be welcome in Jerusalem and will leave the Israeli Government in a much stronger position vis-à-vis the Syrians and the Palestinians.

Kaunda and Nyerere seek unity on Rhodesia

To-day, at a remote Zam air force base at Mbala, Presi Kenneth Kaunda will meet President Julius Nyerere of Tanzania to try to iron out serious discrepancies between the front-line States' control of Rhodesia on behalf of Africa, our Foreign Staff writes.

Meanwhile, the joint leader of the Patriotic Front in the Mozambique Mr. Joshua Nkomo, Mr. Robert Mugabe, are just in Maputo. Mr. Nkomo flew to Mozambique capital yesterday after saying that he had over-estimated the support of the Patriotic Front in the Rhodesia talks in Lusaka in September.

They believe that it will be much easier to negotiate a settlement country by country, but here much depends on the attitude of the Saudis. It is not clear if President Sadat cleared his initiative with them in advance. Whatever may have happened, it is clear that Saudi opposition to the Sadat expedition would seriously weaken the Egyptian President.

U.S. officials are waiting with intense interest to see how Mr. Sadat acts on his visit to Jerusalem. He may take the opportunity to deliver a hard-line speech to the Knesset which would favour the Carter approach, but it appears that he will still much of the public take on his job are taken as a clear indication of intense opposition to the Sadat move from inside the Egyptian Government.

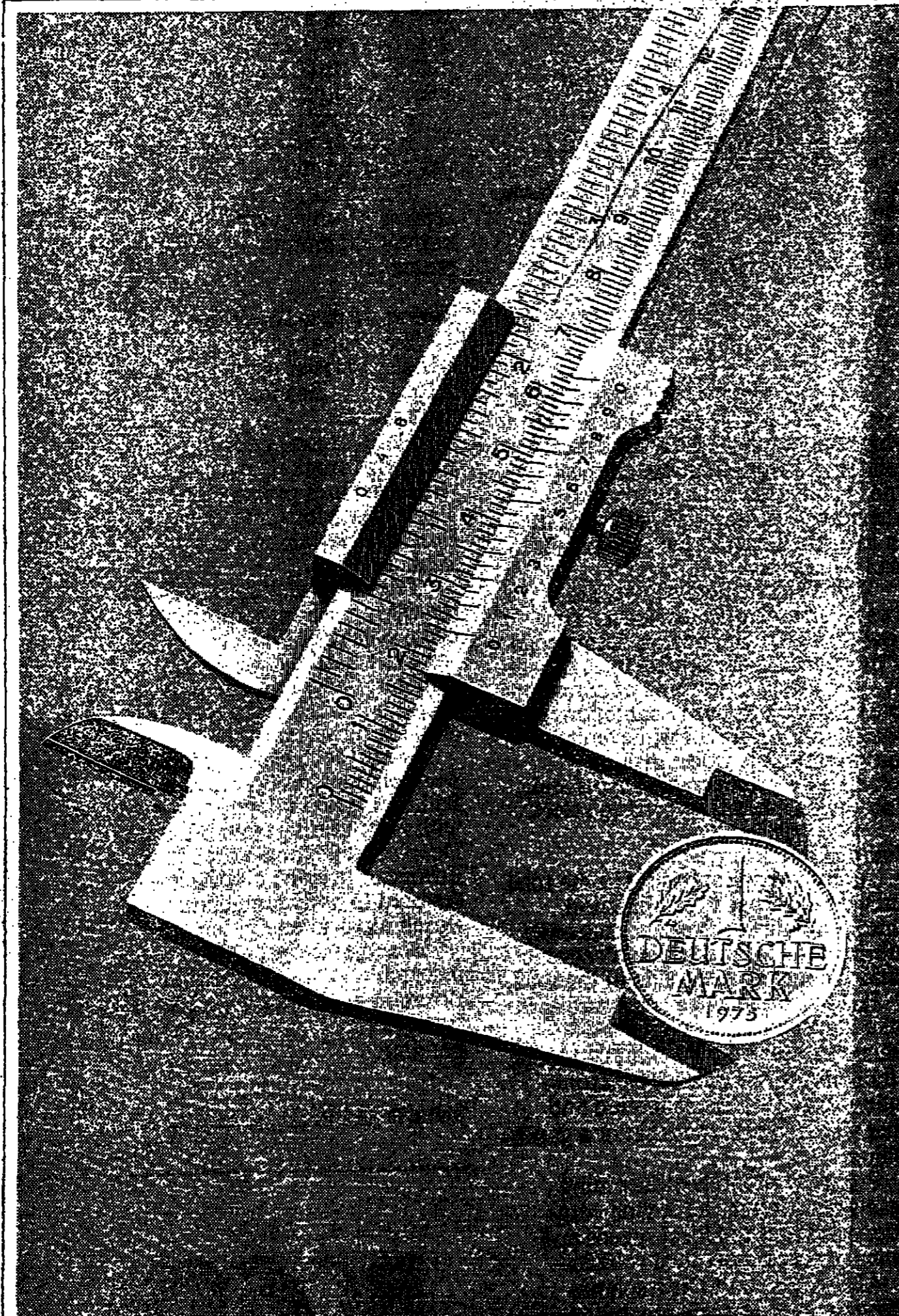
Many officials are concerned that the initiative may have aroused considerable opposition inside Egypt's armed forces. Any attempt to overthrow Mr. Sadat, it is felt here, would be almost certain to come from the army, although officials are very quick to add that there is no sign that any such attempt is imminent.

The extremely hostile Syrian response was not entirely a surprise here. The Administration, however, is concerned that it could mean the effective end of the unified Arab attempt to develop a common position about Geneva. Some officials—those who favour the Carter approach—will not object too much, however, to what could turn out to be an Israeli-Egyptian rapprochement.

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حکامان الاصل

WORLD TRADE NEWS

Japan trade surplus up in October

CHARLES SMITH: THE EVIDENCE of account surplus during fiscal 1977...

TOKYO, Nov. 17. Japan's overall balance of payments in October was in surplus...

U.S. 'growing impatient'

WASHINGTON, Nov. 17. In the first nine months of this year, the deficit totalled \$8.8bn...

THE U.S. is growing impatient with Japan over its seeming inability to reduce the trade deficit...

U.K. holds up Salvador arms deal

BRITAIN IS holding up a commitment of £250,000 worth of armoured vehicles for the Central American republic of El Salvador...

Ireland announces £15m. in new industrial investment

THE IRISH authorities have announced a second wave of U.S. industrial investment in the Republic...

Loan for German deal

TOKYO, Nov. 17. A contract won by two Japanese companies for two tropical plants worth £230m...

EEC agrees textile plans with 8 supplier countries

BRUSSELS, Nov. 17. THE EUROPEAN Community (EEC) has come to terms with eight countries representing nearly 100,000 metric tons of its 1976 textile imports...

Hong Kong attacks Tran

HONG KONG'S Deputy Director of Commerce and Industry, Mr. Bill Dorward, today dismissed with what he called "characteristic disbelief" the statement attributed to the European Community's chief textile negotiator...

Canada in Algeria rail study

CANADIAN PACIFIC Consulting Services, owned by the Canadian Pacific group, will carry out an engineering study for a new 1,500 kilometre railway in Algeria...

Mexico City bids urged

THE Federal Government is urging Canadian companies to bid for the first phase of the Mexico City subway extension...

Steelmen warn on protectionism

PARIS, Nov. 17. STEEL makers from the European Community (EC) today warned on the Brussels Commission to react vigorously against unilateral and protectionist actions of the U.S. steel industry...

New from Texas Instruments. Quartz watches with continuous display, day or night. Quality and outstanding value for under £20.

Until now, it cost you a lot of money to own a fine quartz watch with all these desirable qualities: Easy-to-read displays showing hours, minutes, seconds, day and month...

Siemens Iran deal could cost £2.5bn.

FRANKFURT, Nov. 17. AN UNPUBLISHED contract for the design, supply and fabrication of the structural steelwork for a new steel plant building in Hong Kong...

HK order for BSC unit

Redpath Dorman Long has been awarded a £500,000 contract for the design, supply and fabrication of the structural steelwork for a new steel plant building in Hong Kong...

Ontario hopes

Ontario Hydro is going ahead with \$2bn. of fossil-fuel power stations, and the engineering contracts have just been awarded...

BR in Hong Kong

A British Rail subsidiary will shortly start studying the feasibility of building an interchange between the future Mass Transit Railway Corporation's station in Kowloon Tong, Hong Kong and a proposed Kowloon-Canton Railway station there...

Fiat in Hungary

The head of the Fiat Motor concern, Sig. Giovanni Agnelli, is expected to discuss setting up factories in Hungary to produce components under licence...

Remploy lifts export sales

A CAMPAIGN to reach foreign markets and increase export sales has started to pay off for Remploy, the Government-sponsored body responsible for the employment of severely disabled people...

Get your business off the ground. Get right to the heart of Africa. From both Gaborone and Amsterdam, Air Malawi's VC10s fly passengers and freight right to the heart of Africa: Malawi. Touch down in Blantyre. Malawi's largest commercial city.

Remploy lifts export sales. A CAMPAIGN to reach foreign markets and increase export sales has started to pay off for Remploy, the Government-sponsored body responsible for the employment of severely disabled people.

TEXAS INSTRUMENTS LIMITED. Giant technology. From the people who made micro-electronic calculators and watches possible. Suggested retail price, including VAT. Watch displays are simulated.

Robseal SEAL ROOFS. Roof maintenance or emergency repair. Robseal can fix it fast and guarantee it for 5 years. Established 15 years.

HOME NEWS

Barclaycard cuts interest

BY MICHAEL BLANDEN

BARCLAYCARD, one of the two big bank credit card organisations, yesterday announced a surprise cut in its interest rate from 12 per cent. a month to 11 per cent. with effect from Monday.

Yesterday Access, which is run by the other three major banks, said it would consider its position. It is unlikely that the group will be able to stay out of line for long. The move gives Barclaycard a competitive edge ahead of the Christmas and New Year sales periods.

The effect of the change is to bring the maximum rate on loans to the 3-7m. Barclaycard

holders down from 23.1 per cent a year to 19.5 per cent. But the group calculates that allowing for the free credit period, the interest paid by holders will be about 14 per cent, on average.

Mr. Frank Stushall, Barclaycard's divisional general manager, said: "When we reduced our interest rate to 12 per cent. it was thought unlikely that

the cost of money would fall further."

Rates had come down, however, "and we feel it right to pass the benefit on to our customers, particularly before Christmas."

He warned that it would be difficult to hold the new rate if money costs rose again, unless the Chancellor eased the repayment controls on credit cards.

Warning issued on take-over methods

BY KEITH LEWIS

COMPLAINTS OVER some of the tactics employed in recent take-over bids have prompted the Department of Trade to issue a letter calling on the various participants to comply not just with the spirit, but the letter, of the Licensed Dealers (Conduct of Business) Rules 1960.

The Department makes a special point of including in its directives those technically exempt from the rules, such as accepting houses and other top financial institutions.

The letter refers specifically to the practice of telephone calls to shareholders of companies under offer made by the bidder or its advisers.

It says that these approaches were not made at the request of the shareholders, as required under Rule 6(1), and were regarded as an invasion of privacy.

The Department also cites one instance, though without naming those involved, where it was alleged false "oral statements" were made about the operations of the company under offer.

The statement, which was made with the knowledge of the Take-Over Panel, adds that if any person making the call does not adhere strictly to a "carefully prepared and verified statement" that person may be guilty of misleading comment.

Notice

In an effort to protect the interests of the small shareholder, the Department mentions that certain offer documents have recently fallen short of the requirements of Licensed Dealers Rules.

Again without revealing names, the statement mentions one instance where an exempted dealer gave the Board of the company under offer inadequate notice of the bidder's intention.

This was a clear reference to the situation where merchant bankers Hill Samuel, acting on behalf of Fruehauf Corporation in the U.S. case, the Board of Crane Fruehauf only five minutes notice before announcing and simultaneously posting its offer.

Hill Samuel has defended this action, which came up before the Take-Over Panel—and was subsequently passed—on the basis that Fruehauf had withstood a Monopolies Commission probe but that its intentions had always been clear.

The application of the rules and of the Prevention of Fraud (Investments) Act 1958 are currently under review by the Department.

NEWS ANALYSIS—PENSION LESSONS

Self-investment pitfalls

BY ERIC SHORT

THE DISPUTE between The London Co-operative Society and one of its pensioners, Mr. Bob Evans, has highlighted the responsibilities of trustees in running a pension scheme and shown the need for the trustee Board to be completely independent of the parent company.

The crux of this case was that the pension scheme of the society had in the past made loans to the commercial in that the loans were not secured and that the interest rates payable were below the market level.

Thus, the shortfall of income to the fund was detrimental to possible pension increases.

Company pension schemes are established under trust deeds, and the trustees have the obligation to run the funds to the best interests of members.

It is also the practice of pension schemes to be fully funded so that they are financially independent of the parent company as far as existing benefits are concerned.

Lending back to the parent company can offend both these principles unless the transactions are made at arms-length.

This means that if the company seeks to obtain loans from its pension fund, the trustees must consider this loan in respect of three vital areas:

First, it must ensure that the rate is lower than on other capital value of the loan is fully

secured—preferably on specific assets—so that if the company runs into trouble and has to be wound up, the pension scheme does not lose this asset, thereby endangering the solvency of the fund.

This is of even more vital importance with loans to the parent company, since the parent cannot make good any loss.

In many cases, loans to parents are completely unsecured and have simply been failed in their obligations to members by not insisting on this security.

Principle

Next, the making of the loan should conform to the pension fund's overall investment policy as regards spread of assets and amount invested in one particular asset. The principle of not putting too many eggs in one basket should be valid as far as self-investment is concerned.

Finally, the interest rate should be based on market conditions, related to what could be obtained from other similar investments and taking into account the fact that a loan with the parent is virtually unmarketable.

So often, the interest rate is lower than on other investments, the company using

the pension fund as a source of finance.

The consequent investment shortfall may mean that there is a lower rate of return from which to pay pension benefits above those levels guaranteed.

In some cases, the employer puts pressure on the trustee Board for cheap loans on the grounds that the company will suffer financially if the "retirement" of employees if such loans are not granted.

If this is the case, then the employer, who is not a trustee, should not be able to insist on pension contributions as laid down by the scheme on the advice of the actuary, and in using this device effectively to reduce contributions.

Such a course of action is almost certainly a breach of the pension scheme if it goes under. It is far better to consider other means of reducing contributions under the guidance of the actuary. There is a danger that employers' representatives on trustee Boards will be particularly vulnerable to this line of argument.

The Occupational Pensions Board, in its report on the solvency of pension schemes, has recommended severe limitations on self-investment, under stringent conditions. It may need legislative backing.

Revenue insisting on arrears

By Rupert Cornwell

THE INLAND REVENUE is rigorously applying Government guidelines on its power to waive tax arrears, even in cases where its own mistakes or blatant incompetence were responsible for the original underpayment.

This policy emerges clearly from the latest report of the Parliamentary Ombudsman on complaints passed to him by MPs—the biggest proportion of which as usual involved the tax authorities.

The report singles out the case of a journalist in his 70s who faced a tax bill of £896 as a result of the Revenue's failure to take account of a National Insurance retirement pension which had been correctly declared in five successive annual tax returns.

Sir Idwal Pugh, the Ombudsman, yesterday described the performance of the Tax Office in question as "lamentable" in a case which was very simple. The Inland Revenue's chairman himself admitted that there were no mitigating circumstances and had "seldom seen cases so consistently mis-handled."

But Sir Idwal said: "However serious the official error the Inland Revenue is required to observe Government policy set out in the White Paper of July 1971."

"I cannot therefore uphold the complaint that the Inland Revenue has been unjust in asking for full payment of the arrears, even though I recognise that the under-payment arose because of serious maladministration by the department."

Wilson committee report expected next month

BY MARGARET REID

A PROGRESS report from the Wilson Committee on financial institutions, highlighting the main issues it has identified on the subject of finance for industry but not yet making any recommendations, is expected to be published in the middle of next month.

A decision on publication, possibly on December 15, is likely to be made on Tuesday by Sir Harold Wilson's committee, which earlier singled out finance for industrial investment as its first and central theme.

There were signs that some members, particularly from the unions, favoured rushing out an interim report recommending quick action to stimulate capital expansion by industry. But the evidence has pointed strongly to there being no overall shortage of investment funds, although certain other problems have been pinpointed.

This being so, the progress report is likely to describe, by

theme, the evidence so far given by an industrial finance, probably ending with a short section underlining the main issues which have been raised and on which the committee will concentrate later in its final report. There will be no surprise in the City if these include the special position of smaller companies.

The committee is expected to make recommendations on all subjects together in its final report. Meanwhile, the second stage of its inquiry—on supervision of financial institutions—is to be provided with several background papers, which may not be published, from the authorities most concerned.

The Bank of England is to provide a background paper on its role as supervisor of financial institutions and markets. The will undoubtedly cover the secondary banking crisis and the lifeboat operation launched to control it.

Department, in association with the Bank of England, are to supply papers about proposals for the regulation of deposit-taking institutions and on supervision of the securities markets. The committee is specially interested to hear about competition and credit control policy initiated in 1971 and its effect on the domestic monetary situation in 1971-72 in the lead-up to the fringe banking upheaval. The Bank has put in a paper about the property boom at that time, whose subsequent collapse played such a part in the banking crisis.

Recent oral evidence by the TUC, the Confederation of British Industry and the Association of Independent Businesses is to be published on November 29 and that from the Stock Exchange, the Export Credits Guarantee Department, insurance associations and the National Association of Pension Funds in the New Year.

Shipyard redundancy Bill introduced

BY PHILIP RAWSTORNE

THE GOVERNMENT yesterday introduced its Bill to set up a redundancy scheme for the shipbuilding industry in the Commons.

Under the Shipbuilding (Redundancy Payments) Bill, the Industry Secretary would be empowered to establish separate schemes by order to cover employees of British Shipbuilders and its subsidiaries and

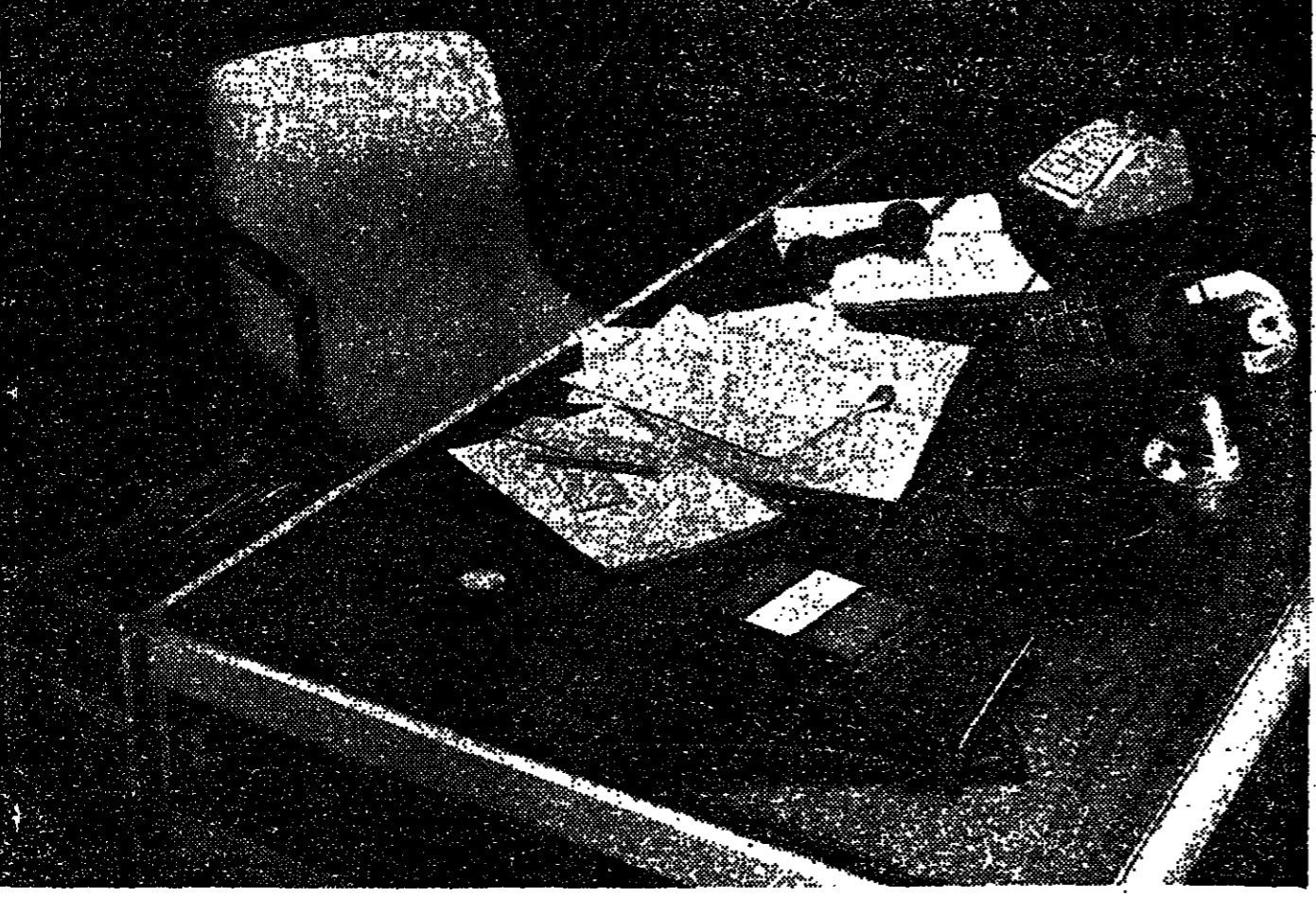
of Harland and Wolff.

The Government orders would also be subject to Parliamentary approval of the schemes, which would operate from two to four years, would depend on the level of benefits to be determined in the orders and the age, length of service, numbers and pay of the workers.

A tentative estimate, based on

comparisons with other schemes and an analysis of the industry's workforce, puts the likely cost at about £200,000 for each 1,000 persons receiving benefit.

Detailed work on the schemes in Britain would be carried out by the National Coal Board's computer agency in Sheffield, which is likely to need about 30 to 40 additional staff for the purpose.



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ROYAL COMMISSION ON DISTRIBUTION OF INCOME AND WEALTH

Gradual move towards equality

BY MICHAEL BLANDEN

BRITAIN is not substantially more heavily taxed than many other industrial countries, says the latest report published by the Royal Commission on the Distribution of Income and Wealth.

A comparison with eight other countries shows that the proportion of personal income paid in direct taxes and social security contributions in the U.K. was close to the average for the other countries.

In the cases of Australia and Ireland, the figure was much lower than in the U.K. and in France and the U.S. it was somewhat lower. But Canada was about the same, and in Sweden and Germany the figure was much higher.

The report is the fifth published by the commission, headed by Lord Diamond, and is the third to cover its standing reference to keep the distribution of income and wealth under review.

Bringing earlier figures up to date, the report again confirms that the distribution remains highly unequal, but that the differences continued to narrow over the years.

From 1959 to 1974-75, the share of the top income groups fell gradually. The top 1 per cent, has dropped from 8.4 per cent of the total before tax in 1959 to 6.2 per cent; while the income share of the top 10 per cent has fallen from 29.4 per cent to 23.8 per cent.

The commission estimates that total personal wealth in mid-1975 was £238,900m, and of this 24.3 per cent was held by the wealthiest 1 per cent of the population. The top 10 per cent owned 60 per cent of the total wealth.

The commission's review of the impact of income tax on the distribution shows that the average effective tax rate in 1974-75 was 18.3 per cent. The top and 10 per cent of the population had incomes before tax paid 47.1 and 29.1 per cent, respectively, in tax whereas the average effective tax rate of the bottom fifth was 1 per cent.

The report says that the study of tax and benefit on income by the Central Statistical Office shows that the combined effects of taxes and benefits achieved a substantial redistribution toward greater equality.

In 1975 the share of the bottom two deciles in the household distribution rose from 1.3 per cent of total original income to 7.2 per cent of all final income. The share of the top two deciles fell from 43.7 per cent to 37.8 per cent.

DISTRIBUTION OF PERSONAL INCOME

Percentage shares of income received by given groups

Table with columns for Income rates (1974-75), BEFORE INCOME-TAX, and AFTER INCOME-TAX. Rows include United Kingdom, Quintile group, and various income percentiles (Top 1 per cent, 2-5 per cent, 6-10 per cent, etc.).

It finds that in most cases to employment of an estate is more important in determining the way in which more of the total of personal income is divided within the circle of relatives.

Discussing housing, the report says that the aggregate value of dwellings included in the wealth statistics increased over sixfold between 1960 and 1974.

Analyses of households with economically active heads show that the average income of owner-occupiers with mortgages exceeds that of those whose homes are owned outright, and that they in turn have a higher average income than local authority tenants—those in privately rented unfurnished dwellings having the lowest average income.

The commission undertook a survey of 328 estates of £15,000 or more, regarding probate in 1973 to assess the work done in inheritance.

It showed that in most estates, irrespective of size or other variable, the great bulk of disposable property is bequeathed

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HOME NEWS

LABOUR NEWS

Consumer spending recovery starts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONSUMER spending has started to recover but is still running slightly below last year's average level.

Figures published by the Central Statistical Office yesterday show consumer spending rose about 1 per cent in real terms between the second and third quarters of 1977.

Table with columns: CONSUMERS' EXPENDITURE (1970 prices, seasonally adjusted), Total, Food, drink and tobacco, Clothing and footwear, Durable household goods. Rows for 1973, 1974, 1975, 1976, and quarterly data for 1977.

Spending in the third quarter was, however, about 1 per cent below last year's average level and 2 1/2 per cent lower than in the peak year of 1973.

The Central Statistical Office reports that between the second and third quarters there were falls in expenditure on fuel and light and on food.

Spending on alcoholic drink, clothing and footwear, durable household goods and on motor vehicles rose.

The main increases have already been reflected in the 2 1/2 per cent rise in spending in shops between the quarters.

Some of the third quarter rise appears to have reflected a concentration of buying in periods of special sales and price cutting.

Another possible explanation for the irregularity of retail sales

at present may be that many workers have been delaying their wage settlements more than usual in the pay round, and hence their real incomes have not been recovering as quickly as was projected.

But the expected acceleration in earnings, coupled with income tax cuts and rebates, is likely to lead to a sharp recovery in consumer spending next year.

The Treasury forecast, on the probably optimistic basis of a 10 per cent rise in earnings in the current pay round, is for a 3 per

cent increase in consumer spending in real terms in the 12 months to the second half of next year. If the earnings rise was larger, consumption could grow by a greater amount, depending on what happened to personal savings.

The detailed breakdown shows that the largest recovery in the third quarter was in clothing and footwear—to above the best quarter of last year—and in cars and motor cycles. Spending on food, drink and tobacco remains depressed.

New EEC tax structure puts 6p on 20 small cigarettes

BY STUART ALEXANDER

PRICES of small cigarettes will rise by at least 6p from January 1 as the new Common Market tax structure comes into force.

Submissions have been made to the Price Commission by both Rothmans and Gallaher which will reduce the present gap between the smallest cigarettes and king-size from the present 13p to about 6p.

In some cases king-size cigarettes will be only 4p a packet more than the smallest.

At the same time, both companies have announced they are dropping several small-selling brands from the price list and further rationalisation is expected in the first quarter of 1978.

Imperial Tobacco, which owns John Player and W. D. and H. O. Wills, has not made an announcement. Yesterday the company said only that it had been considering pricing policy, but was not able to give an indication of its future structure.

Behind the delay are understood to be differences of approach between Player and Wills, while Imperial has tried to reach a common policy suitable for both without harming the competitiveness of one or the other.

Although still dominating the market, Imperial's share has dropped to about 60 per cent from its long-time 66 per cent.

The retail trade is anxious to know companies' intentions in order to finalise ordering requirements before Christmas.

put them in the middle-tier sector.

Rothmans is to drop the expensive launched Black Cat, Cambridge, Piccadilly Number 3 and Everest Menthol. It will keep Black Cat Number 9, Piccadilly Number 7, both up 6p to 48p, and Piccadilly Filter unchanged at 50p.

Both Peer brands, with Cyril substitute, remain in the list at 52p.

Gallaher will discontinue Senior Service Tipped, Nelson and Kenasis 2, the latter available only in the southern half of England. All retained Kenasis brands will continue to offer coupons.

Benson and Hedges Gold Filter probably will be unchanged at 65p, as will Senior Service at 67p, and the standard size filter cigarettes at 51p. However, Sovereign, now at 43p, probably will rise by at least 6p to 49p.

All manufacturers are expected to reduce the availability of cigarettes in packets of 10.

The Government is to publish within a few days the latest table of tar delivery yields. Printing difficulties have caused the delay.

Embassy Ultra Mild is expected to have taken over from Peter Stuyvesant Extra Mild in the lowest position. The tables also will include cigarettes containing substitutes for the first time using manufacturers' estimates.

price reduction. This would be in line with Department of Health thinking that middle-to-high tar cigarettes should not be made more attractive through price cuts.

However, Rothmans is to reduce the price of its Piccadilly Number 1 and Craven A plain cigarette by 6p to 20p. At the same time, it is to reduce the tar delivery of both brands to

committee's staff and facilities, to bear a 100 per cent increase in its contribution.

The failure to agree on the budget will be discussed at the English Institute's next council meeting, on December 7, when calls for a down-grading of the Institute's status in such areas as the accounting standards, auditing practices committees could well arise.

Some members of the English Institute of Public Finance and Accountancy after the failure of an attempt to integrate the profession.

Now, five of the six bodies making up the consultative committee are refusing to agree to pay their shares of a proposed budget for 1978, when costs are expected to increase from £230,000 to £400,000.

The objecting bodies are said to be willing to increase their contributions by only 10 per cent, leaving the English Institute of Chartered Accountants, which provides most of the

THE CHAIRMAN of the National Coal Board, Sir Derek Ezra, yesterday warned that the forthcoming wage negotiations between unions and the NCB must not result in coal losing its competitive edge over oil.

Sir Derek was speaking during a tour of the South Wales coalfields.

"What we cannot do, as a Board, is to pay out more money for less output. This would force us to impose uncompetitively high prices and inevitably lead to the contraction of the industry instead of its expansion."

Sir Derek said that productivity was virtually the only area in which the NCB had not achieved success—new reserves had been discovered, improved techniques had been developed, a vigorous research programme was under way but the industry had not fulfilled

Callaghan acts in Civil Service dispute

BY CHRISTIAN TYLER, LABOUR EDITOR

A MORE open system of determining civil servants' pay was agreed by the unions last night after an emergency meeting with the Prime Minister to avert the collapse of negotiations.

Mr. Callaghan cancelled other appointments to see union leaders who objected to his last-minute insistence that Government scientists should be included in the Pay Research Unit examination of comparable jobs in private industry.

Downing Street which allowed the national staff side to accept by 18 votes to 4 the whole of a new agreement.

This restores the Pay Research Unit, which was suspended before Stage One of the incomes policy, just in time for it to carry out its survey for April 1, 1978.

The unions accepted that it could not be done for next April. This means individual unions will be submitting their own claims—many of them well outside the 10 per cent guideline.

The importance of the agreement is that the unit will be led by a Board composed of an independent chairman, who is yet to be appointed, and four others who are not civil servants.

The Civil Service Department and the unions will have two members each. They and the unit's staff will not be voting members of the Board. The Director's annual report to the Prime Minister will be published. This arrangement is due to Government concern about the civil service for many years public criticism of Civil Service

Europe air fares to reflect costs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Civil Aviation Authority is to seek to set European fares at levels related as far as possible to airlines' costs "despite many practical difficulties and limitations which arise."

This objective is outlined in a new discussion document on European air fares, published by the authority following the two-day public discussion on this topic earlier this year.

The document says that airlines' costs could rise, especially if costs also continue to rise.

The authority recognises that it is not an entirely free agent in establishing fares.

Airlines are subject to the international fare-fixing conferences of the International Air Transport Association, while other European Governments, as well as the U.S., have a say in what happens.

British Airways profit £25m. in first half

BRITISH AIRWAYS' net profit was £25m. in the first six months of this financial year, compared with £29m. in April-September last year and £38m. for the whole of the last financial year.

The results announced yesterday were based on a revenue of £697m. for the six months, compared with £686m.

The airline's performance was disrupted by industrial disputes at Heathrow, and in particular by the strike of air traffic controllers which lasted for more than two months and cut the airway's flights by about 40 per cent.

Engineering problems with wing cracks on the Trident fleet also affected the results.

Although the six-months' revenue was higher than a year earlier, it was well below the target.

The gross profit on operations, before interest and taxation, was only £71m. instead of the £108m. it had hoped to achieve, and below the £53m. gross profit earned in the first six months of 1976-77.

The net profit of £25m. was reached after providing for interest of £10m., £5m. for amortisation of currency losses, and £33m. for taxation and other charges.

The financial results are disappointing because traffic demand was running at a high level in the summer, as a result of the Silver Jubilee.

British Airways faces the winter months when traffic traditionally falls away, and profits earned during the summer are severely eroded.

Air industry plans future. BRITISH AEROSPACE, the nationalised sector of the U.K. aerospace manufacturing industry, has set the Government its preliminary proposals for the reorganisation of the industry, as required under the nationalisation Act. It is now awaiting the Government's response.

The suggestions basically provide for the creation of two main groups out of the four companies taken over—British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamic and Scottish Aviation.

Productivity deal gives ICI workers new rise

BY PAULINE CLARK, LABOUR STAFF

MANAGEMENT and union leaders representing nearly 55,000 weekly-paid workers in Imperial Chemical Industries have concluded a productivity deal offering a maximum 10 per cent increase on gross earnings.

The deal is on top of a Phase Two increase agreed just over a month ago.

The productivity agreement is the fourth in a major industrial company since the last phase of Government pay policy officially expired in July.

In all cases, the schemes have incorporated fairly substantial topping up operations for workers who have agreed either to abide by the Phase Two pay limit or by the current 10 per cent wage increase ceiling.

British Oxygen concluded a 10 per cent increase with productivity to bring the total to a possible 20 per cent. British Sugar Corporation also agreed 10 per cent, with a maximum of 19 per cent, bonus increase and a 10 per cent rise was with

the company said yesterday that one of the chief aims of the deal was to avoid the possibility of employees having to wait 12 months before receiving their benefits.

The bonuses would instead be paid at intervals to coincide with quarterly trading results.

The current basic rate (with overtime) for a typical mid-grade process worker on three shift rotation is put at £4 a week.

The CBI and Conservative Party leaders have expressed concern that the Government allowing manipulation of productivity deals which threaten a defeat pay policy. But it Department of Employment insisted yesterday that schemes allowed so far had been repudiated.

Time would tell whether the deal would prove to be self-financing. If they were not, would ICI workers suffer from price claim downs.

he hoped negotiations with the National Union of Sheet Metal Workers, which represents about 18,000 workers in the industry, copper-smiths and heating and domestic engineers would reopen next week.

The association, which represents private contracting companies, has maintained the building an incentive bonus scheme into the settlement would be very difficult.

The employers were in a vulnerable position because more than half their domestic work is done in buildings owned by Government or local authority, Mr. Cutting said yesterday that services.

Fears of 10% pay breach in docks

By Nick Garnett, Labour Staff

DOCK employers warned yesterday that they could face real difficulties in holding overall wage rises to 10 per cent in the main docks if any other significant group settled outside the guidelines within the next few months.

So far all the post-Phase Two dock settlements—for 900 men at Middlesbrough and at Preston, Ipswich and Yarmouth—have been within 10 per cent.

The main settlements, however, are due in January, covering about 14,500 dockers in London, Southampton, Hull, Clyde and Bristol. Claims which have been submitted range from about 17 to 20 per cent.

Most principal ports, excluding Hull and Southampton already operate some form of incentive scheme and improvements to these are an option that some dock Boards might take up.

Middlesbrough dockers were already on relatively high pay scales because of their own local incentive scheme and their new pay deal is understood to include no new productivity element.

The Preston settlement includes a minor productivity scheme involving the closing down of under-utilised premises and the concentration of work on busy buildings.

Mr. William Rodgers, the Transport Minister, has exhorted the port authorities to stick within Government guidelines.

The British Ports Association, the ports' trade association, has informed individual authorities that it expects them to toe the Government line.

Land Rover expansion project threatened

By Arthur Smith, Midlands Correspondent

LEYLAND CARS' £250m. plan to double output of the Land Rover and Range Rover models is threatened by the refusal of shop stewards to discuss the scheme within the framework of worker participation.

Management has made it clear that agreement on the principles of the ambitious project must be reached jointly with the work force. Full support can be sought either from the British Leyland Board or the National Enterprise Board.

Manual workers at two of the three plants scheduled for the expansion triumphed at Canley and Rover at Solihull have rejected the worker participation machinery and are refusing to discuss the scheme within such a framework.

The stance adopted by shop stewards has already led to delay in development of the project and the company has warned that plans might have to be modified.

Leyland is anxious to press ahead quickly with the expansion in order to retain and increase its 15 per cent share of the world market for such vehicles.

With the arrival of Mr. Michael Edwards as chairman of British Leyland, the strategy of the corporation is under review. However, expansion of output of the "four-wheel drive" vehicles must be a top priority.

The Land Rover and Range Rover models have proved highly profitable and calculations suggest that the £250m. investment could be recouped within a year to retain and increase its 15 per cent share of the world market for such vehicles.

One of the first casualties of the British Leyland re-organisation will be Mr. Edwards's Leyland Motor paper which circulated among 150,000 employees.

The staff of 14 were told this week that the paper was being axed immediately.

Sanctions threat stops pipefitters' 20% deal

BY NICK GARNETT, LABOUR STAFF

THE HEATING and Ventilating Contractors' Association has National Union of Sheet Metal Workers, which represents about 18,000 workers in the industry, copper-smiths and heating and domestic engineers would reopen next week.

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MPs query Press action

BY RAY PERMAN, SCOTTISH CORRESPONDENT

LABOUR and Conservative MPs yesterday tabled at Commons although journalists have been motions calling for an inquiry into the dispute over a claim t members of the National Union of Journalists for the restoration of differentials eroded by the fir two years of the incomes poli

Elderfield to join Shipbuilders' Board

ONE OF the three remaining key vacancies on the Board of BRITISH SHIPBUILDERS was filled yesterday with the appointment of Mr. Maurice Elderfield as

Mr. P. C. Methley has been appointed managing director of Elderfield, aged 51, has been released from his position as finance director with Ferranti after consultation with the Department of Industry. He joins British Shipbuilders on December 1. Before joining Ferranti at the beginning of the year he was in turn finance director of Seas, the Southern Water Authority and the Post Office.

Mr. W. H. Everitt has become chairman as well as managing director of GLACIER METAL COMPANY. Dr. E. G. Baker, Mr. P. A. Day and Mr. A. Vickers have joined the Board of the company, which is a member of the Associated Engineering Group.

Mr. T. A. E. Owen is to resign as a director of FALLEN AND HOMER on November 30.

Mr. R. H. N. Hardy, of the British Rail Central Engineering Group, has become a director of the FENNING RAILWAY COMPANY.

Mr. E. J. C. Harris has become chairman of the Naval division of the BRITISH MARINE EQUIPMENT COUNCIL in place of Mr. G. G. Connor.

Mr. John D. Etherington has been appointed by BERNARD HAZELDRONE as managing director of the automotive division and Mr. Chris Ayles has become new-business development director of that division.

Mr. Michael S. W. Howard is new business development director of the industrial division.

Mr. William T. Herndon, vice president, has been appointed head of the ILC operating group of CITIBANK. He succeeds Mr. Peter J. Wolfe, who is to take up a group position in New York.

Dr. David A. J. Tyrrell has been elected managing director of the NEFFIELD FOUNDATION. Dr. Tyrrell is deputy director of the Medical Research Council's Clinical Research Centre at Northwick Park, Harrow, and head of the Division of Communicable Diseases.

Mr. H. W. Cox has been appointed executive vice-president in Houston, Texas, for BRITISH CALEDONIAN AIRWAYS from January 1.

Mr. W. E. Slater, managing director of the Lizard Steam Ship, is to succeed Mr. Jan de Joaze, executive vice-president of the Transatlantic Steamship Company of Sweden, as chairman of ATLANTIC CONTAINER LINE.

Mr. Alan Alexander and Mr. George Henderson have been appointed to the Board of the HOUSING CORPORATION by the Secretary for the Environment. They replace Father Paul Byrne.

JOHN LLOYD REPORTS ON PRODUCTIVITY IN THE MINES

Coal must stay competitive, Ezra insists

THE CHAIRMAN of the National Coal Board, Sir Derek Ezra, yesterday warned that the forthcoming wage negotiations between unions and the NCB must not result in coal losing its competitive edge over oil.

Sir Derek was speaking during a tour of the South Wales coalfields.

"What we cannot do, as a Board, is to pay out more money for less output. This would force us to impose uncompetitively high prices and inevitably lead to the contraction of the industry instead of its expansion."

Sir Derek said that productivity was virtually the only area in which the NCB had not achieved success—new reserves had been discovered, improved techniques had been developed, a vigorous research programme was under way but the industry had not fulfilled

the promise it made when the Plan for Coal was drawn up (in 1974) to increase productivity by 4 per cent per year.

Dealing specifically with South Wales, Sir Derek forecast that the area would make a year-end loss of more than the £22m. loss recorded last year, unless there was a major improvement in output.

The Board's productivity deal was made in an area which has consistently recorded the lowest productivity rates in the country. Output per man-shift (O₂), the standard productivity measure, stands at 25.9 cwt., a little over half of the national average rate of 43.6 cwt.

To make matters worse, the unique product of the South Wales field—anthracite—is now in such short supply that it is having to be imported in increasing amounts to keep coal merchants' stocks at a reasonable level. Anthracite is widely used

as a domestic fuel.

Earlier this week, Mr. Alex Eadie, the Parliamentary Under-Secretary at the Department of Energy, announced in the House of Commons that the imports of anthracite were expected to total 200,000 tons by the end of the year, compared with 140,000 tons in 1976.

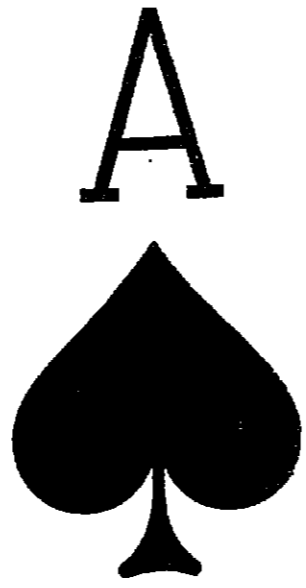
Sir Derek referred pointedly to the £20m. plus currently being invested in the anthracite deep mines.

By far the greatest part of that is the £17m. being invested in the Betsworth colliery, an expensive new anthracite mine (stripping shaft) which is being developed by the Government under a special licence. It is expected to produce 100,000 tons a year at a productivity rate of 5 cwt. O₂. This means that about twice the national average. Its capacity is thus able, other things being equal, to turn the anthracite deficit into a surplus by next year, when it comes on stream.

Other anthracite schemes include a £7.5m. investment in finding new faces at Trofarian, £3.5m. spent on a new coal preparation plant at Cymyneid, £1m. spent in overcoming fuel-related conditions in Aberperwain.

A large part of the problem is the anthracite field is that half of the output—now around 2m. tonnes a year—is obtained from strip mines, which are quickly worked out. New sites are being increasingly difficult to find, however, because of strong environmental objections from those living near or prospective sites. This factor, compounded with severe fueling in the deep mines, has meant that about 3m. tonnes annually three years ago.





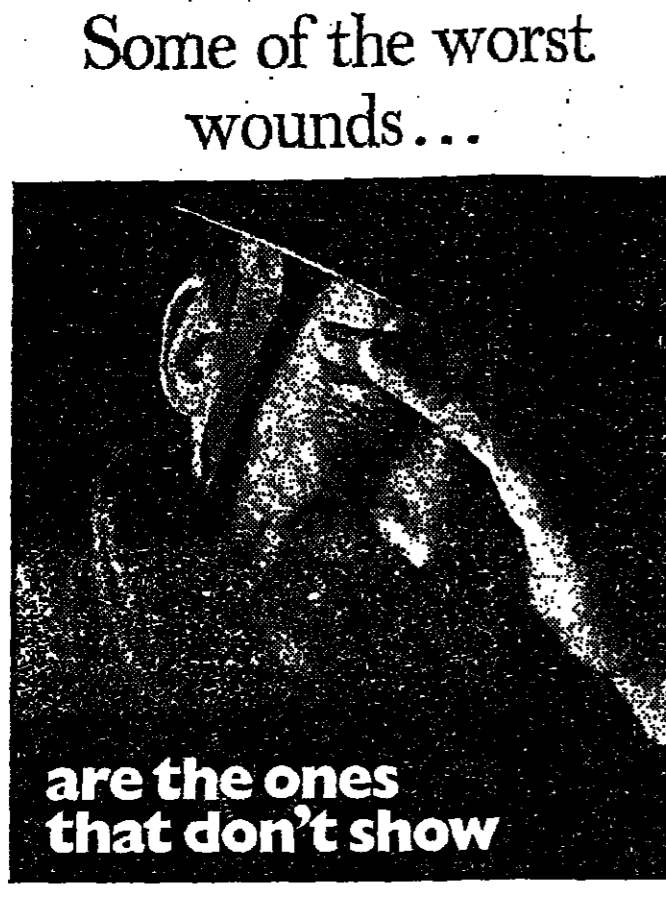
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EXTRA SPECIAL OLD SCOTCH WHISKY.

IRISH OIL AND GAS REVIEW

The glass is half empty



Some of the worst wounds...

are the ones that don't show

It used to be called shell-shock. Now we know more. We know that there are limitations to the human mind. Soldiers, Sailors and Airmen all risk mental breakdown from over-exposure to death and violence whilst in the service of our Country. Service... in keeping the peace no less than in making war. We devote our efforts solely to the welfare of these men and women from all the Services. Men and women who have tried to give more than they could. Some are only 18, a few are nearly 50 years of age. We help them at home and in hospital. We run our own Convalescent Home. For some, we provide work in a sheltered industry, so that they can live without charity; for others, a Veterans' Home where they can see out their days in peace. These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help to repay this vast debt. It is owed by all of us.

"They've given more than they could— please give as much as you can".

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BUILDING SOCIETY RATES

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STARING INTO a glass receptacle filled to the mid-point with a black and treacly fluid, the average Irishman will tell you his pint glass of Guinness is half full. It is the classic definition of optimism and it accurately reflects dimmed but lingering hopes of substantial oil and gas finds off the Irish coast.

But the offshore search in Irish waters has had a bad year, and realists might be inclined to judge that the glass is in fact half empty. The 1977 drilling season was to have translated into reality Irish yearnings for a hydrocarbon bonanza. Over a dozen holes were expected to be sunk and in February the minister responsible for the offshore programme hinted at positive data that would produce very exciting results.

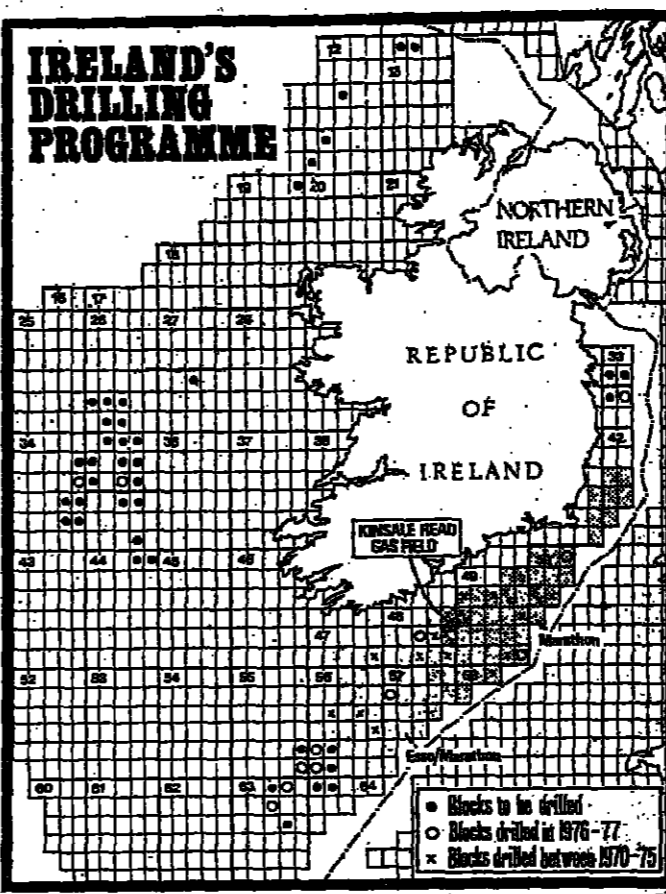
In the event, a worrying proportion of the oil companies backed out at the last moment. Only six wells were drilled this year. Five have been plugged and abandoned. At the sixth Amoco is braving the recent gales and pressing on with its end-of-season drilling for gas in the shallow water of the Kish Bank off Dublin.

The track record of Irish waters so far is poor or not so bad, depending on how the statistics are laid out. The easiest approach is to divide the offshore search into two, taking as a separate case the 11,000 square miles Marathon petroleum concession of 91 blocks in the Fastnet that dates from 1960. It is a phenomenon very different from the other offshore search, dating from licences awarded in 1975, in which ten consortia share 44 blocks.

Marathon's huge slice off South East Ireland is what had been thought to be the potentially richest hydrocarbon belt, and is all that remains of the most total exploration rights the company purchased 18 years ago for a reputed £500 million offshore prospecting seemed to the Irish a commercial eccentricity. To date that area has yielded one major commercial gas field, the old Head of Kinsale structure spanning about three blocks that goes on stream next year when it will start with a production rate of 65m cubic feet a day. By North Sea standards the field is small, about half

the size of a gas structure found off Norway by Elf-Aquitaine which was deemed unexploitable. But with the targeted full output of 125m cubic feet daily and supply 12 per cent of Ireland's energy needs. Although the development cost of the Kinsale field has soared to £100m, its annual worth of about £18m has rewarded Marathon for taking an early interest in Ireland. It remains, however, the only real success. Five years ago, mindful of the resources that would have to be devoted to developing Kinsale, Marathon negotiated a farm-out arrangement with Esso giving it a 50 per cent working interest in 52 blocks and retaining the other 39, exclusively. The results of this injection of fresh resources have been disappointing, and Esso has seldom troubled to conceal this. Nine holes have been drilled in the jointly-operated blocks, while in Marathon's exclusive zone the total is 26—59 blocks remain undrilled or uncovered by a petroleum lease from the Dublin Government. Even if Marathon presses ahead at the rate of four blocks a year as is indicated for 1978, a substantial chunk of the Celtic Sea zone will revert to the Government in March 1980 when the concession runs out.

Given that the south eastern zone was tipped as Ireland's prime search area and saw the start of the oil search, Marathon and Esso have been naturally discouraged. Yet both companies have come tantalisingly close to further discoveries. In the Seven Heads structure in the Fastnet, Esso in 1973 drilled on Block 48/24 and found a "non-commercial" oil field, producing 780 barrels a day, and the following year on Block 48/28 found oil at the rate of 1,550 barrels a day. Subsequent drilling around the Seven Heads failed, however, to establish a commercial find. Perhaps the biggest disappointment to date has been Marathon's drilling this summer of the Molly Malone structure on the south easternmost edge of its concession. Molly Malone is a large structure extending southwards and eastwards from Ireland's Block 49/30 into the British sector. It seemed that Marathon's decision—prompted



by Irish Government incentives, consortia whose programmes it is said—to drill on the disputed median line would be politically contentious. As it Esso partnership, the results turned out, Molly Malone contained sea water despite predictions that it was a near-perfect structure. Looked at coldly, the £40m. Esso-Marathon partnership in 25 miles off Dublin will shortly be at an end, bringing the total to eight, and if the company's effort—although just how poor a return depends on which yardstick is used. The Irish, with visions of a mini-North Sea boom still persisting, look at the rate of one find in every four holes drilled for that area and are naturally disappointed with their own finds. The oil majors now operating around Ireland reckon that on average there should have been a find for each eight holes sunk there and are considerably less hopeful than they were. But those who accept the world-wide average sometimes cited of one find in 40 holes would reckon that Marathon, at any rate, is ahead of the game. For the ten international oil

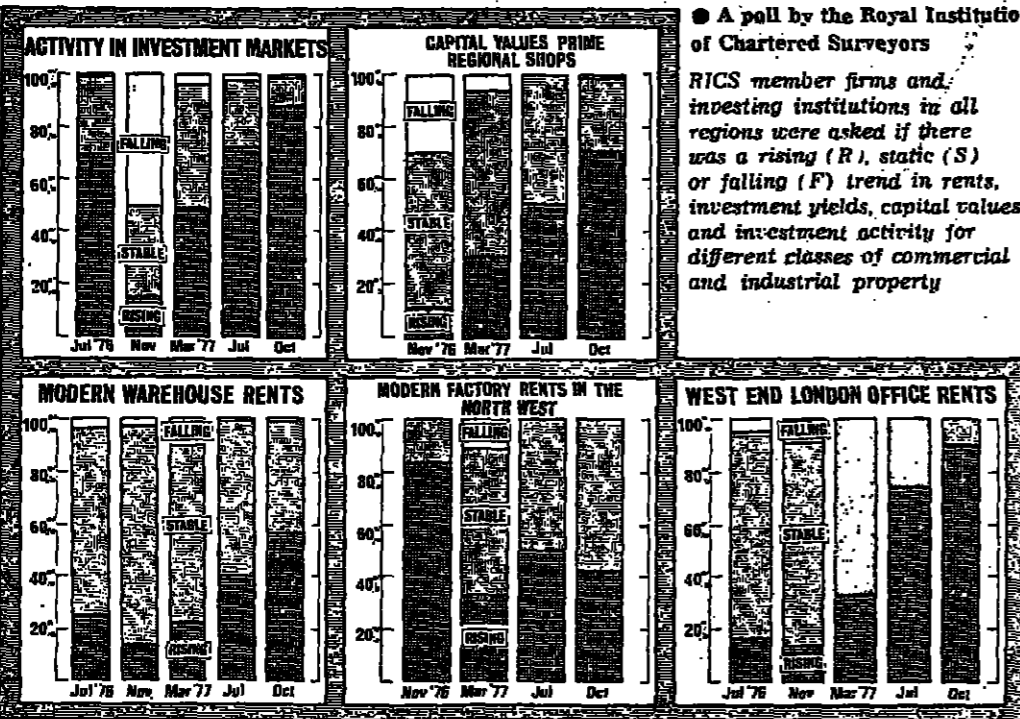
up its option on the adjoining Block 63/3 are thought to be an even longer and more expensive business and if it is to slim, and other licence holders in the Fastnet who still have the not exercised all their drilling rights include Texaco, whose single block is undrilled, Elf, BP, Deminex and Cities Services.

It is possible that the 1978 season will see continued activity in the Fastnet, with other licence holders joining Elf which will be sinking a well on Block 64/2. There will be a perceptible move, however, away from southern waters to the Porcupine area off the West Coast as the prospects there are beginning to outweigh the disadvantages of deep water and distance from land. Elf is also likely to drill its block 35/2 in the Porcupine, where Phillips, Chevron/ICI, Gulf, Deminex and Aran/BP are expected to begin operations in six months time.

If the Irish newspapers saw it as an anti-climax when Deminex announced that it had plugged and abandoned its well on Block 34/15 and then Shell did likewise on 35/13, the companies see the traces found in both basins as an encouragement. The snag is, and the Irish public has not to digest it, that even very large deposits in the Porcupine will not add up to a Bonanza until the last decade of this century. The technology to exploit deep water holes—and Shell went to 14,375 feet—will still be developed and a new Flannan Fall Government will have to wait for it. It would in effect be money in the bank if some oil industry predictions of a 1985 energy crisis are accurate, but the first barrels of Porcupine oil could scarcely be landed until 1985-90.

For the Irish Government this means two problems: first, the foremost—barring with a nice surprise in the Eastnet or in the so far untried blocks off Donegal—hope of self-sufficiency are dashed. It was after all the primary target in Dublin to find hydrocarbon plus royalties basis that would balance the Budget, and the four-fifths of nothing if the Porcupine and other offshore exploration is to be drilled as the oil Ireland, the betting is that the Government is following by the Cities Services consortium on Block 63/4. The Irish Government's second 1980s.

Property Market Indicators



A poll by the Royal Institution of Chartered Surveyors. RICS member firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.

AREAS	LON. CITY	WEST END	REST GLC	SE (EX-LON.)	N	NW	EAST ANGLIA	YORKS & EAST MIDS	WEST MIDS	SW	SCOT.	WALES	N. IRE.
QUESTION 1													
What is the trend of rents?													
(a) Offices	R S F	90 85 73	73 71 27	61 45 25	45 55 71	25 42 —	18 — —	39 41 —	23 28 —	11 89 —	36 30 —	31 49 —	100 — —
(b) Prime Regional Shops	R S F	80 20 —	88 12 —	85 15 —	63 37 —	73 27 —	80 20 —	92 — —	— — —	— — —	— — —	— — —	100 — —
(c) Secondary Shops	R S F	11 89 —	40 60 —	38 62 —	37 43 —	46 65 —	40 47 —	33 67 —	— — —	— — —	— — —	— — —	33 67 —
(d) Modern Factories	R S F	50 50 —	29 71 —	64 36 —	70 30 —	45 55 —	41 59 —	42 58 —	— — —	— — —	— — —	— — —	100 — —
(e) Modern Warehouses	R S F	45 55 —	50 50 —	71 29 —	67 33 —	55 45 —	42 58 —	58 42 —	— — —	— — —	— — —	— — —	67 33 —
QUESTION 2													
What is the trend of investment yields?													
(a) Offices	R S F	5 11 84	— 10 90	7 — 93	13 17 7	— 8 92	14 14 72	10 30 60	— — —	6 33 65	7 32 42	— 17 57	50 34 83
(b) Prime Regional Shops	R S F	8 — 92	5 — 90	8 — 92	10 17 73	9 — 82	20 — 80	18 — 82	— — —	6 17 79	21 25 49	8 17 90	33 — 67
(c) Secondary Shops	R S F	64 36 —	59 41 —	57 43 —	62 31 —	82 18 —	53 40 —	73 27 —	— — —	6 63 37	9 78 20	— 30 33	33 34 —
(d) Modern Factories	R S F	17 25 58	8 17 75	— 14 86	16 10 74	— 15 85	— 25 75	— 33 67	— — —	5 21 74	19 12 68	— 36 57	6 100 —
(e) Modern Warehouses	R S F	17 17 66	9 9 82	— — 100	16 6 78	— 8 92	— 19 81	— 17 75	— — —	5 11 84	19 15 85	— 13 68	— 23 74
QUESTION 3													
What is the trend of capital values?													
(a) Offices	R S F	100 — —	95 — —	93 — —	75 25 —	82 18 —	86 14 —	82 18 —	— — —	76 50 8	42 62 —	38 49 —	57 27 —
(b) Prime Regional Shops	R S F	100 — —	94 — —	100 — —	89 11 —	91 9 —	93 7 —	100 — —	— — —	89 11 —	75 25 —	93 7 —	8 100 —
(c) Secondary Shops	R S F	33 67 —	56 38 —	46 54 —	48 52 —	27 73 —	36 50 —	18 82 —	— — —	12 88 —	17 83 —	15 77 —	53 47 —
(d) Modern Factories	R S F	73 27 —	73 27 —	87 13 —	87 13 —	69 31 —	65 35 —	75 25 —	— — —	84 11 5	47 13 —	76 19 —	81 36 —
(e) Modern Warehouses	R S F	75 25 —	90 10 —	100 — —	88 12 —	77 23 —	76 24 —	92 8 —	— — —	87 6 —	67 18 —	86 14 —	73 33 —
(f) Industrial Land	R S F	89 11 —	75 25 —	100 — —	79 21 —	50 50 —	76 24 —	83 17 —	— — —	68 32 —	47 33 —	76 44 —	67 50 —
QUESTION 4													
Activity in investment markets	R S F	80 20 —	100 — —	100 — —	27 13 —	92 8 —	94 6 —	92 8 —	— — —	77 23 —	77 — —	100 — —	84 16 —

Few development sites

There is still more talk than action in the property development market. But the talk is becoming more enthusiastic as increasing confidence about rising demand and rental growth draws out institutional forward financing for selected schemes.

The overspill of institutional funds into new building projects is beginning to highlight the growing shortage of suitable development sites. And this shortage, partly caused by continuing confusion about the operation of the Community Land Act and Development Land Tax is beginning to be reflected in site costs. In the South East and London areas in particular, prices of well-located sites for industrial schemes are beginning to reflect their scarcity value.

These points emerge from the sixth quarterly poll of business indicators in the property industry conducted by The Royal Institution of Chartered Surveyors in conjunction with the Financial Times.

RICS member firms responding to the poll confirm the continued steady recovery in confidence noted in earlier surveys. But the figures show that although institutional demand for all types of prime property is pressing investment yields lower throughout the country, there are still marked regional variations in the outlook for letting demand and rental growth.

Institutional investment demand, and the effect this demand has had on capital values, emerges as one of the most striking features of the market in the past three months. At the time of the last poll, in July, 57 per cent of respondents felt that the capital value of offices nationally were rising. By the end of October that figure had risen to 75 per cent, of those polled and on a national basis this trend is repeated for all categories of property covered by the survey, from secondary shops to modern warehouses.

This pattern has been repeated nationally, with an increase from 50 to 76 per cent, in the reports

of rising industrial and values over the three months. Land price increases fuelled by fears of an eventual shortage of suitable development sites also appear as one of the common features of poll respondents' comments on the present state of the development market.

As the supplementary question to this quarter's poll firms were asked for their comments on the current pace of development activity. And, Northern Ireland apart, every region reported increased interest—if not necessarily activity—in the development front.

London and the South East is still by far the most active focus for new schemes. In the City of London and the West End new building and refurbishment projects are again being delayed or reviewed after three years on the shelf, and firms make the point that institutions unable to satisfy their appetite for prime investment properties in the open market are now becoming a prime source of development funds for very selective schemes.

Ranging out from Central London firms report strong buying interest in development projects in anticipation of rent increases, with shop and even smaller office schemes vying with the generally popular industrial developments for institutional cash.

Away from London and the South East the market becomes increasingly selective. In East Anglia and the South West firms already restricting development activity. And this problem is echoed by firms in the Midlands, although there development interest centres mainly on industrial building and re-tenants remain

For the ten international oil developers, out of the market and there is a chorus of complaints from Northern firms that local authorities' unwillingness to release land for smaller, private industrial schemes is making it impossible for firms to find modern accommodation except in what are often unsuit-

ably large units in Corporation built estates. There is still keen demand for interest in regional shopping developments appears to be but overbuilding seems to be a lesser extent than office market, there are still shops cheater, stand out as hospital industrial rent growth acts a cases in the North, where new a 0.55 on new factories and ware-

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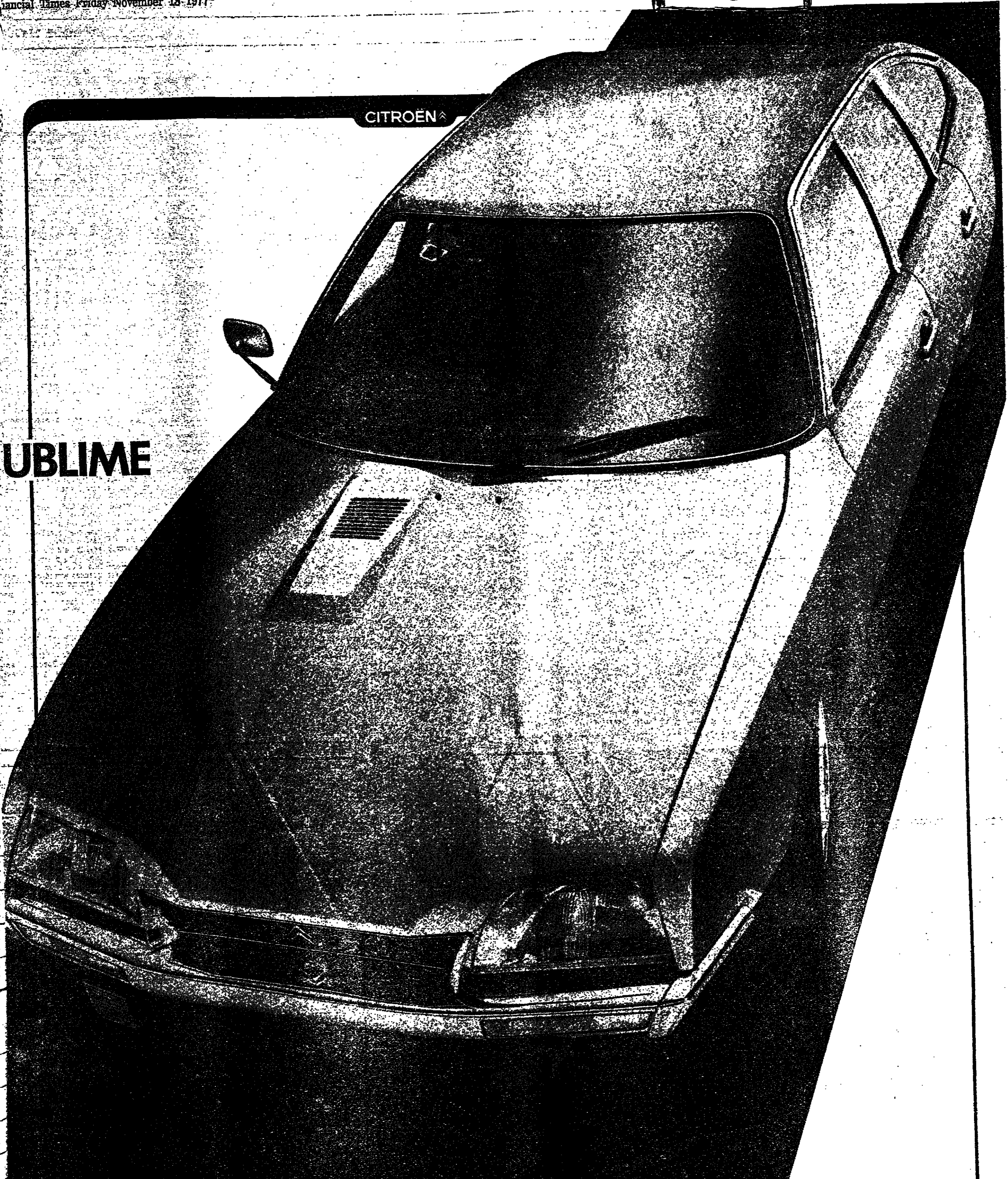
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

FOUNDRY EQUIPMENT

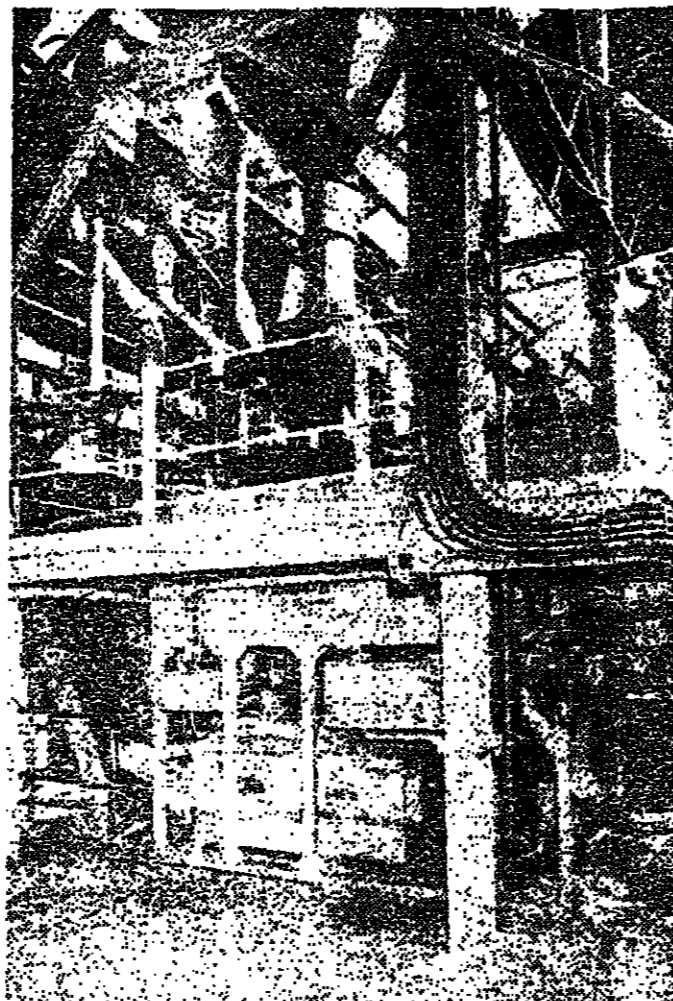
Foundry technology for the Russians

FLUIDISED bed technology via V.O. Metallurgimport is figures prominently in a major order for foundry equipment placed with Stone Wallwork International in conjunction with Fordath (Hemel Hempstead Ceramic Industries) to go to an existing plant in Leningrad and a new foundry in the Urals.

Fordath provides a large share of the world's sand-coating equipment, but before the company brought out its sand recycler some months ago, working closely with Fluidfire, it asserts, available equipment for thermal recimation was either very high in capital cost or in maintenance charges while the quality of the end-product was variable.

It says of the joint development that it has resulted in plant of modest capital cost with low maintenance and good thermal efficiency.

More from Fordath at Brandon Way, West Bromwich, 021553 1655.



COMPUTERS

Molecular rides again

SOME THREE years after its spectacular collapse under the weight of software development costs, BCL (now Business Computers (Systems) and an associate of Computer World Trade—lives again in a new mark of its Molecular small business computing equipment.

Series IV, designed and made at the BCL factory in Brighton, takes advantage of rapid progress in component technology to provide faster response, higher data capacities and improvements in data transfer, while retaining the transaction processing abilities of its predecessors.

A Series IV machine is able to run up to 64 peripherals and will manage software developed for Mk. II and Mk. III systems.

While BCL has generally aimed at first-time users, and has some 300 earlier marks of Molecular installed in the U.K., the new equipment is powerful enough to appeal to experienced computer users who have a need for large and frequently updated disc files—top capacity is 200m characters. It is also well suited for use in distributed processing situations because of its ability to support a large amount of local processing coupled with ability to transmit large amounts of data at high speeds to other manufacturers' equipment.

INSTRUMENTS

Checks for many gases

An analyser put on the market by GP Instrumentation can monitor concentrations of single components in process gas mixtures, furnace and flue gases and atmospheric environments.

Heart of the device is a Luft-pattern detector, which depends for its action on the fact that specific gases absorb specific parts of the infra-red spectrum.

Sample and reference beams which are split into two channels are passed into two chambers separated by a flexible metal diaphragm. Each chamber contains the gas in question in pure form and has not disclosed yet how it absorbs the radiation. The causes heating, however, the sample beam, heat produced by the manufacturer of machinery for producing coarser yarns used in carpets and other heavy duty applications and the Heathcoat system is known to be suitable for these.

TEXTILES

Processing time cut

A NEW much faster system for texturing yarn developed by Coats, Paton subsidiary, John Heathcoat, could soon be put into commercial production following the signing of a licensing agreement with James Mackie, the Belfast-based textile machinery builder.

The system, if it can be successfully exploited, offers yarn producers a way around a major constraint in texturing—the process which adds bulk to man-made fibre yarns to give the properties required in apparel and other uses.

Through the yarn is delivered in spun form at very high speed, conventional texturing, which involves putting a false twist into the yarn, can only be done at much lower speeds.

The operation as a result has to be done in at least two stages, greatly increasing processing time.

John Heathcoat, of Tipton, Devon, the main texturing company in the Coats, Paton Group has been working for eight years on its new process which raises the texturing speed from the current 600 metres per minute to around 3,000 metres per minute, and has sold 1m. illus of yarn worth £1.5m, on machines which it has built and operated itself.

Efforts to secure the interest of major machinery builders who could take the development into commercial production have been longer than had been hoped, however, and for this reason the agreement with Mackie after nearly two years of talks is seen as a breakthrough.

INSTRUMENTS

Diagnosis of dampness

ACCORDING to its maker instrument about to be put on the market will be capable of measuring moisture and detecting its presence in buildings and materials and additional distinction between condensation and other forms of dampness.

The instrument is also intended to give direct moisture readings ranging from about 7 per cent. to 60 per cent. of the dry weight of the material.

Degrees of moisture in concrete and brick, together with temperature readings, are catered for on a large-scale plate.

Powered by a 9-volt battery the instrument has been developed by Protimeter, Mill House, Fieldhouse Lane, Bucks. SR7 1LX (06284 7372).

MATERIALS

Foams when gas leaks

USING carbon dioxide as a propellant and an active compound which foams when applied to gas leaks, an aerosol spray leak detection unit which can be used in place of the conventional soap solution has been launched by ATZ Welding.

When the compound is applied immediate foaming is produced, even on the smallest leak, says the company. The compound is stated to be non-staining, non-corrosive, non-flammable and non-toxic.

It can be used on gas welding and cutting equipment, compressed air lines in hospitals and factories, and domestic gas pipes.

Details from the company at Horton Close, West Drayton, Middx. (West Drayton 4771).

ELECTRONICS

Voltmeter chip

DEVELOPED BY National Semiconductor is an integrated circuit "chip" containing most of the requirements for a digital voltmeter able to read up to 2,500.

"ADD 301" is an extended range version of a device introduced earlier this year and will be particularly useful in weight, rotation and temperature measurements.

Needing only a single five-volt supply, the circuit will drive a multiplexed seven-segment display directly and has differential input protection to 200V. Auto-made over-range and polarity are provided and an on-chip clock obviates the need for an external signal timing circuit.

A pulse modulation analogue to digital method is used requiring an external precision component, and the seven segment outputs are able to drive 40 mA per segment. More from National Semiconductor, Bedford, MK40 3LF (0234 211282).

A new non-channel large-scale integrated device from National Semiconductor combines memory storage and peripheral interface abilities and can, says the company, do the job of five or more standard memory and input-output parts. 0234 211282.

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Light work

air press

MOST TOOLS that are usually carried out on hand tools or by presses can be undertaken on the latest pneumatic logic press from Sharpe and Wright.

It has a capacity of 2.75 to 4 tonnes and stroke lengths from 30 to 55 mm infinitely variable. Throat depth is 140 mm, daylight 216 mm, and table size 152 x 287 mm. The machine is fitted with

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 - Dale Electric of Great Britain Ltd. Tel. (0725) 514141. Telex 52163.
 - Dawson-Kerth Ltd. Tel. (07012) 74122. Telex 56491.
 - Eledup Limited. Tel. (0533) 772711. Telex 341253.
 - F. A. Lister Power Plant Ltd. Tel. (3453 88) 5166. Telex 43559.
 - Ferbow Limited. Tel. (03046) 3311. Telex 96329.
 - Griffiths Puttick Ltd. Tel. (05046) 2901. Telex 96366.



Association of British Generating Set Manufacturers
21 John Adam Street, London WC2N 6JH. Tel. 01-839 6171.

HANDLING

Electric fork lifts

PNEUMATIC TYRED battery electric forklift trucks for both inside and yard use have been introduced by Mabro, Horley, Sussex (02934 3522).

There are four models in the range with capacities of 3,000, 4,000, 5,000 and 6,000 lb at 24-inch load centres. The trucks are said to be as compact as comparable solid-tyred models, but the pneumatic tyres are claimed to give better traction in the wet and on inclines, as well as reducing the transmission of road shocks to the load, driver, and the mechanical components of the truck.

The trucks have power steering, a 72 V thyristor control system, and good visibility through the mast. Compared with the company's existing range of cushion-tyred trucks, the new models have a better performance and higher ground clearance.

COMPONENTS

Switch cost kept down

INTRODUCED BY Cutler-Hammer is a heavy duty oil-tight circuit breaker which is assembled from interchangeable modules to give variable combinations of operating head, plug-in switch body and receptacle.

Nature of the assembly means that it is not necessary to stock one each of every required limit switch configuration. Instead, a large factory or machine shop would keep a minimum stock of component modules which would simply be put together in various combinations to meet the applications.

There are three types of operating head which can be mounted on the body in four positions. More from Elstow Road, Bedford MK23 9LH (0234 67433).

Compressors

are quiet

ADDED TO the range of Broom-Wade RA screw compressors made by CompAir are two small screw models, with an average noise level of 89 dB (A).

Each model is available in two versions. The RA30 provides 109 cfm, with an L version giving 120 cfm; the RA40 delivers 148 cfm, and has an L version producing 155 cfm.

All the machines deliver at 100 psi, have a maximum working pressure of 120 psi, and require only 24.1 sq. ft. floor space. The range incorporates three-stage air filtration, and an integral aftercooler is optional. Warm exhaust air flows from a top vent which can be easily ducted to supplement factory space heating.

Details from CompAir Industrial, PO Box 7, High Wycombe, Bucks. HP13 5SF (0494 21181).

Sponsored by the Financial Times, The Institute of Chartered Accountants in England and Wales and International Computers Limited in association with the Institute of Directors and the Confederation of British Industry.

National Management Game 1978

Entry lists are now open for teams wishing to compete in the 1978 National Management Game — the annual championship which provides management training by simulating a boardroom environment in which team members work together to take management decisions — within a time limit and under the pressure of competition.

A prize of £1,000 will be awarded to the winning team which will also be eligible to enter the European Management Game finals in Sweden next Autumn.

The problems and risks relating to realistic business situations and the consequences of the strategies adopted are posed and appraised by computer. Each team is, in effect, a company making decisions on the deployment of its financial, marketing and manufacturing resources.

The winning team is the one whose final balance sheet shows the greatest net profit.

Round 1 begins
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Please send an entry form and full details of the 1978 NMG

I enclose the entry fee of £55, incl. VAT.

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Fast growth at Gamma

SET UP in 1970 with a handful of people and a turnover of £2,000, Gamma Associates, the Nottingham-based DEC mini and software specialist, now has 50 such systems installed, and another 50 on order.

Turnover was £1m. in the first half of this year and is expected to reach £2.5m. by year-end. Since it started the company has been achieving a compounded annual growth rate of some 150 per cent. Much of the turnover has resulted from the supply of business systems but the company is also active in financial and technical systems, operates a micro market director, George Cogan says he will now direct the company towards both Europe and the U.S. He believes the key to these markets is the fact that Gamma has specialised entirely in the application of

DEC equipment and claims in the U.S. there is no one to match Gamma's size specialises in this way.

An American is already on staff to advise and the belief is the company should not trouble in winning business on the basis of value for money. More on 0602 49555.

Component distribution

MEMEC of Aylesbury has selected to distribute Zilog components including microprocessors, in the U.K. It immediately started selling supporting recently announced memory components including 4K static and 16K dynamic dom access memory chips.

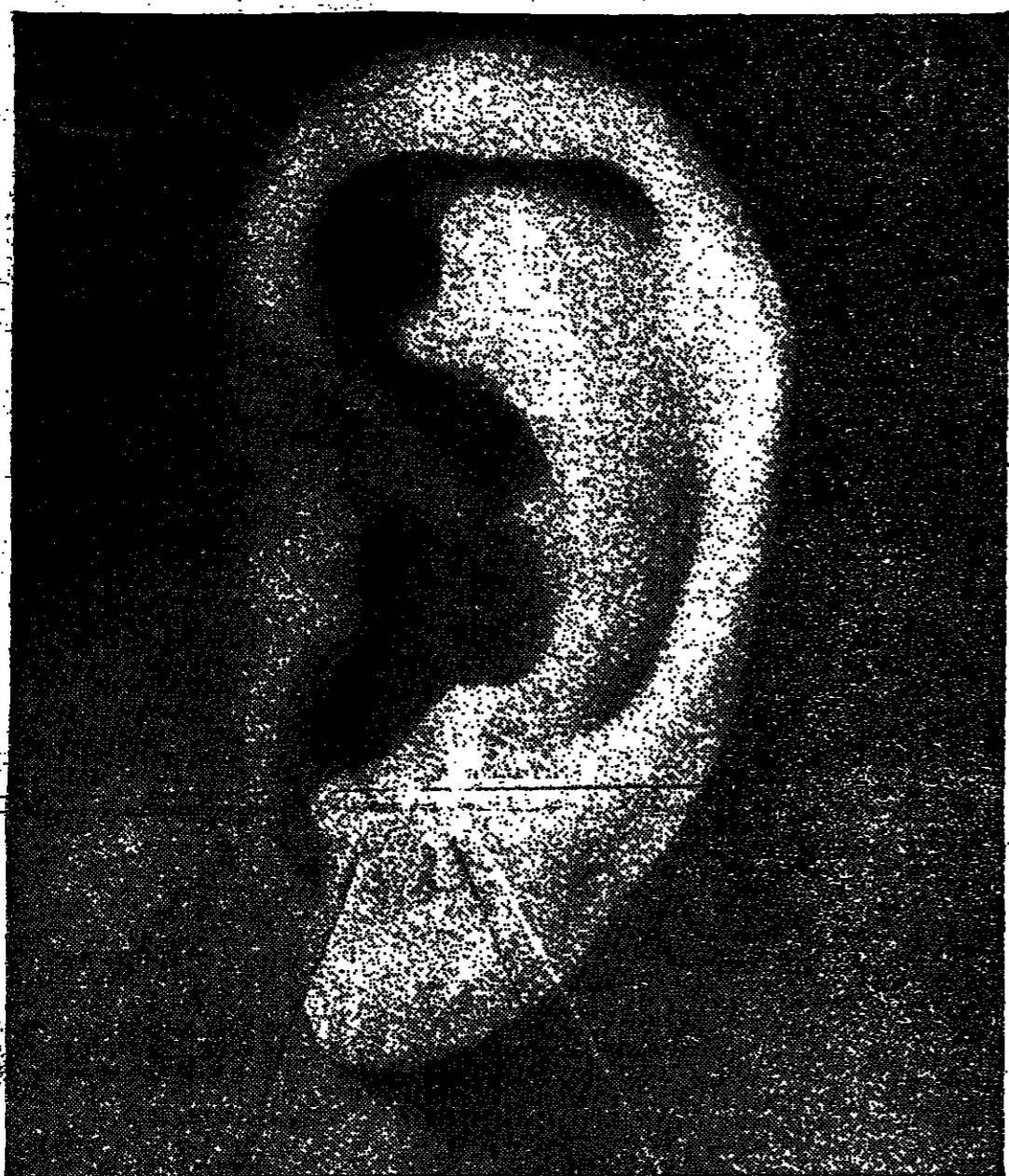
Memec is an associate company of the Swiss organisation, the Zilog distributor Switzerland.

It operates from The Whitechapel, Aylesbury, B 029664 368.

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Of course you would.

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Look:

Taken from tariffs: Swan National 1st June 1977, Avis 1st July 1977, Godfrey Davis 4th July 1977, Hertz October 1977.

TYPE OF CAR	SWAN NATIONAL	AVIS	GODFREY DAVIS	HERTZ
 FORD ESCORT 1100L OR SIMILAR	DAILY PER MILE £4.25 (5p) UNLIMITED WEEKLY £49.45	£4.95 (5½p)	£4.95 (5½p)	(1.3 GL model) £4.95 (6p)
 FORD CORTINA 1500L OR SIMILAR	DAILY PER MILE £5.85 (6p) UNLIMITED WEEKLY £63.05	£6.25 (6½p)	£6.25 (6½p)	£7.00 (8p)
 FORD CORTINA 1600L OR SIMILAR	DAILY PER MILE £6.75 (7p) UNLIMITED WEEKLY £72.80	£8.50 (8½p)	£8.25 (8½p)	(GL model) £11.00 (11p)
 FORD GRANADA GL OR SIMILAR	DAILY PER MILE £9.75 (10p) UNLIMITED WEEKLY £109.85	£13.00 (12½p)	£12.50 (13p)	(Ghia model) £19.00 (19p)
		N/A	£141.75	Not shown

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We have 70 locations throughout the country, all on our free one-way rental system.

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Ever since we began, we've saved money on our overheads to make you money on your rentals.

Our country-wide locations are sensibly sited, from them you get your car fast. Our people are hard-working and responsive. All our resources go into giving you a better car, a better service, a better deal.

In a word, we're businessmen. We put our money where it matters, in the cars and services we provide.

If you'd like to know more, ring Tony Grimshaw on 01-995 9242. Ask him about volume discounts, long-term leasing, vans, credit arrangements, overseas car rental in 33 other countries through our InterRent partners, and about the range of cars we offer and the high standards we work to.

You'll find it all very good news indeed. And, of course, ask him about money. That's the best bit.

SWAN NATIONAL



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The Management Page

Anthony Robinson describes the difficulties that can arise when a traditional company is turned into a dynamo of new activity

Metamorphosis in the media

THE past 15 years has transformed itself financially hard-pressed agency of the traditional into a fast-growing and the supplier of news and the international financial community.

It still supplies much of the world's Press, radio and television news but this has not been its main aspect of its role. It has counted for over 80 per cent of a tiny worldwide market of £1.6m. In 1963, it only 18 per cent of a expanded £41m. revenue.

Recent management re-organisation in which Reuters' editor man responsible for its average—lost his job and management morale revealed that this distribute U.S. market information into a hard-pressed marketer of information as not been. painless. U.S. stock and commodity prices in ways. It under-

the sort of delicate management problems an arise when an essen- traditional company transforms itself into no of new activity.

was founded 125 years ago by Paul Julius Reuter, a for-astorian business genius, words of the present big director, Gerald Long, but its present structure, us owned collectively by a of Britain and to a xent Australia and New dates from 1941. The if trust insist "that no be spared "to main- Reuters' position as world's leading news

putation

o 1963 fulfilling this in- m principally meant to maintain the enviable ng built up by the ded- corps of foreign corres- around the world, and to keep revenue in line ver increasing costs.

is essentially defensive e was abandoned on the in office of Mr. Walton in 1963 and the appoint-

in computer and communications equipment of which £11.9m. was spent in the last five years alone. Investment in the current year is running at around £6m. 50 per cent. more than in 1976. Reuters also installed a £200,000 central computer in 1969 to handle the average daily flow of 700,000 words into its Fleet Street head- quarters and the 1.5m. words to the different services which flow out again along the 4m. kilometre worldwide network of teleprinter cables, 47 leased radio circuits and 12 satellite circuits.

But from the point of view of

up the search for new potential markets.

This led it to the foreign exchange and money markets, which were in a state of unprecedented turmoil and activity. The company's response was to develop its "secret weapon"—the Reuters Monitor, which has revolutionised the company's business since its introduction in 1972.

The Monitor answered foreign exchange dealers' demands for a comprehensive and instantaneous supply of up-to-the-second news and data on currencies, Euro-deposits, bond markets, domestic money markets in the world's main financial centres, precious metals, and commodities. All are available clearly and immediately on a video screen at the press of a button.

Unlike other financial and commodity markets the money market does not have a physical floor—dealings have always taken place on the basis of an incredibly complex basis of telephone and telex contacts.

What Reuters has done is to create an electronic "floor" where banks and dealers themselves feed information about their various positions into the system, alongside news and information provided by Reuters' own reporting network.

Reuters' now has over 1,500 subscribers to the Monitor at an average annual U.K. price of between £8,000 to £10,000 each. To this must be added the cost of communications and installation for subscribers in Europe, the Far and Middle East and North America.

Since Monitor was introduced in 1973, turnover has shot up from £17.5m. to £41.9m. and operating profits have risen from £820,000 to £3.1m. Turnover this year is expected to be comfortably in excess of £50m. and profits, in spite of a considerably reduced bonus from sterling devaluation which boosted the 1976 figures, are expected to show a healthy rise.

Well over 80 per cent of Reuters' income comes from abroad—last year Europe accounted for £19.2m. of turnover and North America £7.4m. compared with the U.K. share of £7.3m.—making Reuters a highly successful contributor to Britain's invisible earnings.

Reuters as a business, the most important developments have been in the electronic reporting field such as the progressive replacement of the traditional teleprinter news and price information by interrogation and display systems, through which the subscriber himself selects the news and information he requires.

The initial Stockmaster and Videomaster breakthrough served stock and commodity markets—and their introduction was largely reflected in a virtual tripling of Reuters' turnover from £3.9m. in 1965, to £10.5m. in 1970. For the recession which hit these markets in the 1970s forced Reuters to step

To keep up the momentum an extension is being prepared for the Monitor system. This will not only give foreign exchange and money market dealers—and corporate finance directors—access to the latest information but will allow them to complete their deals through the system as well. So when the new foreign exchange dealing system is introduced in February 1978 it will no longer be necessary for dealers to clinch their deals by telephone and telex—they will be able to do so over their own video monitors.

Phase two of this system would also permit the computerised matching of bids and offers through the system. This has run into heavy opposition from the market itself, however, and no decision is expected until this opposition has been overcome.

By any standard, this company of just over 2,000 people has done very well over the last 15 years. What is more, its trust status has allowed all profits to be re-invested. High growth and high investment have been accompanied—thanks also to a judicious use of leasing on a growing scale—by both higher profits and improved gearing. Shareholders' funds as a percentage of funds employed now stand at 64 per cent, compared with 46 per cent only five years ago.

Insecurity

Because of this background and an apparently bright future one would expect to find a highly confident and satisfied atmosphere at Reuters. Strangely, however, mingled with considerable pride in the company's achievements, one finds considerable tension and a sense of insecurity, particularly among journalists, but also to a degree among middle management and technical staffs.

One factor is that the company's transformation has increased the importance of the new breed of highly specialised economic journalists, accountants, business managers, computer specialists and salesmen. Many journalists fear this has reduced the career prospects of the traditional "news agency" man.

Reuters' accounts do not break down the full costs of running the traditional newsgathering and media activities. But the generally depressed financial state of the world's media does not allow Reuters to cover the full costs of keeping 350 full-time and 800 part-time jour-

nalists in London and in posts around the world with all the associated communications and other back-up required. Part of the profits from Reuters' overall activities, including the profitable subscriber services, are channelled into underpinning its media activities. Unofficial estimates put a figure of around £2m. on this support last year.

In spite of, or rather because of this commitment, many correspondents are apprehensive about the maintenance of Reuters' high standards of accurate and impartial news reporting and editorial integrity. They fear that an increasingly business-orientated organisation, run increasingly by men with a business rather than journalistic outlook, puts this editorial integrity at some potential risk.

This concern emerged when it became clear that ever-increasing amounts of information was being fed directly into the Reuters monitor by user-subscribers. Was this not contrary to the principal of complete editorial control, they asked?

A similar dilemma arose about the electronic newsboard in New York's Times Square. During the New York mayoral elections, when the war against pornography was a major topic, the owner wanted to inject anti-pornography slogans in between the formerly agreed mix of Reuters' news and commercial advertising (already a sore point).

Editorial put its foot down on that one. The newsboard's owners decided they weren't going to continue providing free news "to the bums who hang around Times Square." The sign ceased carrying

the trading and business manager.

The executive committee has been reduced to five—Gerald Long, the two joint deputy managing directors, Michael Nelson, who looks after the world-wide business outside North America, and Glen Renfrew, who looks after North America, plus company secretary Nigel Judah and staff manager Kevin Garry. Nelson and Renfrew also head their own respective London and New York executive groups.

The new editor, Michael Reupke, will report directly to managing director Long himself. But in most journalists' eyes this in no way diminishes the significance of the fact that the editor of Reuters no longer has a seat on the top level executive committee.

This reorganisation is all part of an exercise through which Long achieves the maximum delegation of responsibilities without relinquishing control.

This approach, together with a taste for the occasional but sudden defenestration *pour encourager les autres*, is one of the predominant characteristics of the Long style.

After 15 years in the job he has increasingly less time for the operational details of this highly complex organisation. "The function of the managing director," he says, "is not to concern himself with day-to-day matters but to plan the future." It is difficult to fault the logic of that, but Reuters is above all a human resource company. People matter, but there is a widespread feeling in Reuters at present that this simple principle is being undervalued up there where the deep thinking is going on.



An American executive in New York keys into a Reuters video terminal which provides access to a wide variety of financial and commodity information.

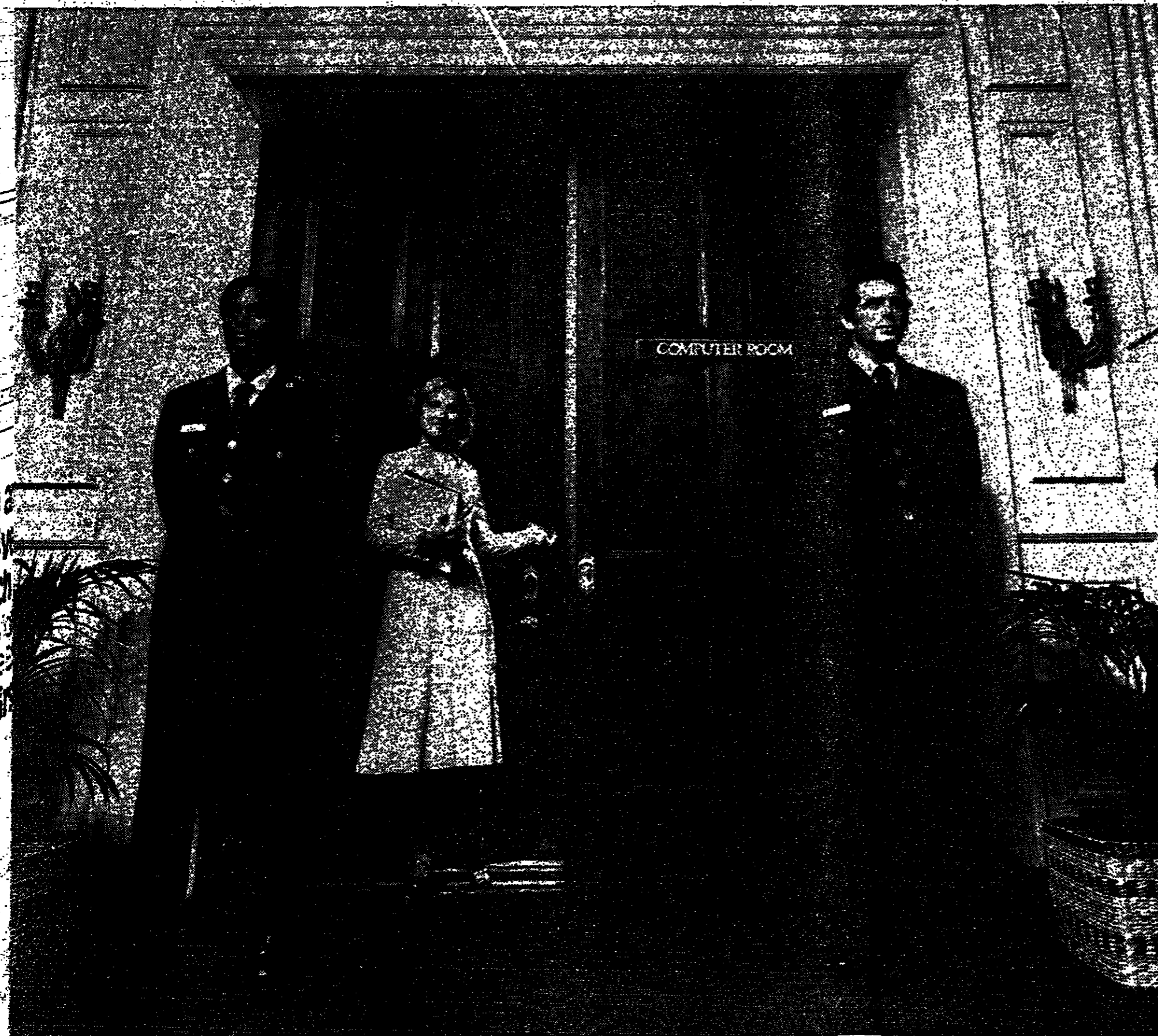
By any standard, this company of just over 2,000 people has done very well over the last 15 years. What is more, its trust status has allowed all profits to be re-invested. High growth and high investment have been accompanied—thanks also to a judicious use of leasing on a growing scale—by both higher profits and improved gearing. Shareholders' funds as a percentage of funds employed now stand at 64 per cent, compared with 46 per cent only five years ago.

Morale

He admits the existence of this sense of insecurity, but puts it down to the conservative attitudes of many journalists. He points to the "sense of fulfilment" felt by journalists in New York who work with the latest video editing techniques to produce a continually updated five minute news service transmitted by cable TV.

The fact remains, however, that the "resignation" of Jonathan Fenby (he was sacked as Editor, offered the Washington news bureau and resigned) and the concurrent re-organisation of the top level executive committee, have affected the morale of both journalists and the business and technical staff. The re-organisation included the removal from the committee of

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Worrying picture from Krupp Huettnerwerke

BY GUY HAWTIN

THE INTERIM statement of Fried. Krupp Huettnerwerke, one of West Germany's largest steel producers, gives a worrying insight into the state of the West German steel industry.

from third countries had increased. Demand for finished steel products had fallen back strongly; however bookings in the steel plate sector showed a slight increase on the average performance of last year.

FRANKFURT, Nov. 17. In the refined steel products sector declining orders and prices had made their mark. Bookings in the opening nine months had declined by 21 per cent.

Perrier sells dairy offshoot

BY DAVID CURRY

THE LONG search of the French drinks group Perrier for a buyer for its dairy subsidiary Préal has come to a rather uncertain end with the agreement of one of France's biggest agricultural co-operatives and of an association of farmers supplying Préal with a majority stake in the company between them.

PARIS, Nov. 17. The main issue appears to be the control of milk distribution in the Paris region, at present largely handled by a company called Solafrail in which both Solafrail and Ulan, together with Préal and Crédit Agricole, are shareholders.

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Rhône-Poulenc Textiles cuts capacity

BY OUR OWN CORRESPONDENT

THE HEAVILY LOSS-MAKING Rhône-Poulenc Textiles is to reduce its 2,000-tonne workforce at its nylon thread plant at Vaise, Lyon, by 1,200 over the next two years.

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Aker still confident despite slowdown

By Fay Gjester

OSLO, Nov. 17. THE AKER shipping group reports lower earnings in the first eight months of this year than in the same period of 1976.

Rescue bid

Kennecott announced that it was coming to the rescue of the Anglo-Norwegian Steel, a company which is the largest manufacturer of abrasives which earlier in the month was presented with an unwelcome takeover bid from Eaton Corporation.

KENNECOTT/CARBORUNDUM

A marriage of convenience

BY STEWART FLEMING IN NEW YORK

JUST A YEAR AGO Kennecott Copper, the largest U.S. copper producer, lost an empire when it was forced by anti-trust laws to sell Peabody Coal, the biggest coal company in the country.

Kenecott was paying far too much for a share in Carborundum, a company which earns about two-fifths of its sales revenues abroad and has important interests in Britain.

AMERICAN NEWS

Aid for Wheeling-Pittsburgh considered

BY STEWART FLEMING

THE U.S. Government is considering providing extensive financial support to help one of the country's leading steel manufacturers, Wheeling-Pittsburgh Steel, the ninth-largest producer in the country.

November 4 as the retroactive effective date for bond issues published yet. The surprise announcement effectively cut off a stampede to refund more than \$500m of industrial development bonds.

Swiss Bank shuns loan

By John Wick

ONE OF SWITZERLAND'S big three banks, the Basle-based Swiss Bank Corporation, has decided in a virtually unprecedented move not to participate in the bank consortium.

Hansa warns on dividend

By Our Own Correspondent

FRANKFURT, Nov. 17. HANSA LINES, one of West Germany's leading shipping companies, has warned its shareholders that "in the best of circumstances" the group would be paying a reduced dividend for 1977.

Campbell claim

CAMDEN N.J., Nov. 17. CAMPBELL SOUP said it filed a counterclaim against H.J. Heinz Co. in Pittsburgh Federal District court, alleging "damages" of \$500,000.

Treasury ruling

WASHINGTON, Nov. 17. A COMPLAINT BY E.F. Hutton's about a recent U.S. Treasury ruling has won backing from several Senate Finance Committee members.

STAR TRITE

ENGINEERING GROUP LIMITED

Profits increased by 28%

reports W. R. Bruce, the Chairman. I am pleased to report that turnover showed a strong improvement, resulting mainly from a 85% increase in both export and import activities.

BANK OF AMERICA

NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, November 16. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources.

Table with columns: Country, Currency, Value of DLR. Lists exchange rates for various countries including Afghanistan, Albania, Algeria, etc.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

Table with columns: Bond Name, Price. Lists prices for various Eurodollar bonds such as ABERV 5 1/2% 1982, ALGERIA 5% 1982, etc.

CAPITAL MARKETS

Bonds quietly firm

THE BOND MARKET was quietly firm yesterday but not entirely featureless. Demand for the ECSC issue pushed the price up to 100 1/4-100 1/2, from the previous day's level of 100 1/4-100 1/2.

BERTAM CONSOLIDATED RUBBER

All Time Record Results

The following are excerpts taken from the circulated Statement of the Chairman, Mr. R. E. Bowman, for the year to 31 March 1977. The result of the year's trading is another all time record. Group trading profit amounted to nearly £615,000 and, after adding associated company's profit (£28,000), the profit before tax is over £643,000.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE COMPANIES

Floom at Marubeni

TOKYO, Nov. 17. **MARUBENI** Corporation, the commercial house, expects a net profit for the year ending March 31 will more than double to ¥4.1bn. from ¥1.5bn. in reports released here. It is expected to fall to ¥3.4bn. from ¥4.0bn. in the second half of 1977. The company's business is expected to be gloomy in 1977 because of the recession in the steel and domestic economic sectors. The company hopes for an unchanged dividend of ¥1.0bn. per share. Marubeni has reported a 48.4 per cent increase in after-tax profit for the second half of the year ending September 30 to ¥2.2bn. from ¥1.5bn. in the same period last year, on sales of ¥41.0bn. compared with ¥34.7bn. in the same period last year—a rise of around 17 per cent. Reports released from Tokyo, however, are unable to predict the size of after-tax profit, because of a number of uncertain factors, including an anticipated raising of the price of crude oil by OPEC nations.

The company has announced a 42.8 per cent rise in after-tax profit for the half year to September 30, to ¥10.77bn. from ¥7.53bn. on sales rising 2.9 per cent to ¥58.26bn. from ¥56.24bn. Earnings per share were up to ¥55.89 from ¥28.11.

Profit before tax and special items rose 51.8 per cent to ¥10.93bn. from ¥7.20bn., following an improvement in the company's financial account and earnings on foreign exchange.

It returned an exchange profit of ¥9.2bn., compared with ¥3.2bn. in the same period last year.

Mitsubishi Oil sales to rise

MITSUBISHI Oil Company expects sales in the second half of the year ending March 31 to rise to ¥4.0bn. from ¥3.4bn. in the same period last year, on sales of ¥41.0bn. compared with ¥34.7bn. in the same period last year—a rise of around 17 per cent. Reports released from Tokyo, however, are unable to predict the size of after-tax profit, because of a number of uncertain factors, including an anticipated raising of the price of crude oil by OPEC nations.

Japanese companies' results for half-year to September 30

Company	After-tax profits		Sales		Interim dividend	
	1977 Ybn.	1976 Ybn.	1977 Ybn.	1976 Ybn.	1977 Y	1976 Y
Sumitomo	2.30	2.16	3,080	3,130	2.5	3
Steel Corp	1.96	1.51	473.46	463.89	nil	2.5
Electrical Construction	2.21	2.02	62.60	51.71	nil	nil
Yamaha	4.04	3.74	417.18	440.19	nil	2.5
Sumitomo	9.43	10.97	231.79	222.93	3.75	3.75
Sumitomo Corp.	2.07	4.02	3,180	3,170	3	3
Sumitomo Co.	3.7	2.7	110.0	98.4	5	5
Sumitomo Oil Co.	10.77	7.53	355.26	345.24	nil	nil
Electric Inds.	1.83	1.08	134	120	2.50	2.50
Light Metal Inds.	2.4	0.077	54.4	53.9	nil	nil

Equipment has forecast a fall in net profits to ¥19bn. for the current year, to ¥19.6bn. compared with ¥21.7bn. in the same period last year, on sales of ¥477bn. compared with ¥450bn. against ¥44.74bn.

Brazil freezes foreign funds

BRASILIAN GOVERNMENT has placed an embargo on access to foreign funds coming into the country from January 20, in a move to keep down the growth in money supply. The measure means freezing of international markets loans coming into Brazil by State-controlled Brazilian held as foreign currency companies. Sr. Joao Paulo dos Reis Veloso, Planning Minister, said the aim of the move was "to prevent the inflow of foreign financing from affecting monetary programming for this year."

Loans coming in from today will be released for conversion into local currency between January 3 and January 5. Funds coming in during the first three weeks of January will be released the following month.

Among the main borrowers believed to be affected by the measure are the power companies, Light Services de Electricidade, a subsidiary of the Canadian Brascan group, and the State-controlled CESP, the Government merchant-marine authority Sunamam, and the company responsible for building the underground railway.

The ruling provides exemption for borrowings that are destined exclusively for the servicing of existing debts.

The first reaction to the measure was an increase in overnight interest rates, and other domestic market rates are also expected to rise. The restriction follows a recent increase in compulsory deposit requirements for Brazilian commercial banks, which now stand at 40 per cent. The measure is expected to add to growing demand for investment bank funds.

COMMERCIAL BANK DEBT

The shift away from the LDCs

BY MARY CAMPBELL

THE BUILD-UP of commercial bank debt has shifted away from the less developed countries. According to the latest data from the Bank for International Settlements (BIS), the biggest takers of funds during the second quarter of this year were West European countries outside the Group of Ten, particularly Spain, Denmark, and Norway.

Borrowing by East European countries rose much faster than in the first quarter, but deposit withdrawals by these countries from international commercial banks slowed down, so that the banks' net lending (lending less deposits) rose by the same amount as in the first quarter—\$1.5bn.

Banks' lending to developing countries, in contrast, rose by only \$0.3bn., net of deposits received from these countries. New lending in the year to June 1977, amounted to \$13bn., but virtually the whole of this amount had as a counterpart an increase in the reporting banks' liabilities to the developing world, a development which reflects the very substantial improvement in the international reserve position of this group of countries over the last year or so," the BIS says.

Brazil and Mexico, the commercial banks' largest debtors among the developing countries by far, increased their borrowing by less than \$1bn. in the second quarter. Net of deposits, Brazil's borrowing rose by \$153m. and Mexico's by \$635m. Both Brazil and Mexico boosted their net borrowing by about \$2bn. in the year to last June, to \$16.4bn. and \$14.2bn. respectively.

The BIS figures for individual countries' borrowings from and deposits with international banks are derived from reports by commercial banks in the Group of Ten countries and Switzerland. The U.S. banks also report the positions of their branches in the main international financial centres outside the Group of Ten — in the Caribbean area and the Far East. The central bank report to their central banks, and the central banks send aggregate figures to the BIS.

Net of deposits, Brazil's borrowing rose by \$153m. in the second quarter. Net of deposits, Mexico's borrowing rose by \$635m. in the second quarter. Net of deposits, Brazil's borrowing rose by \$153m. in the second quarter. Net of deposits, Mexico's borrowing rose by \$635m. in the second quarter.

AUSTRALIAN NEWS

Exchanges to act on bids

BY JAMES FORTH

AUSTRALIAN Stock Exchanges have indicated that they are prepared to improve their listing requirements to prevent repetition of recent takeover techniques which they considered undesirable, and to give better protection to small shareholders. But, in a joint statement released today after a meeting of the Council of the Australian Associated Stock Exchanges, the chairman, Mr. Brian France, said back-up legislation from the State Governments would be needed.

He said the Exchanges had no jurisdiction over non-listed entities and were very conscious that the only correction that they could make in an undesirable situation was to suspend trading in the securities of the target company. This remedy could only be justified in extreme circumstances, such as when the raider would not provide sufficient information for the maintenance of an informed market.

Mr. France said the Council had considered weaknesses in the Companies Act and Listing Requirements as they regulated takeover activity. The Council was familiar with takeover regulations in other countries, particularly in the U.K. and U.S., but said the different approaches adopted in those countries reflected the specific circumstances which applied there. Australia had its own problems which might require different remedies.

Meanwhile, the aggressive conglomerate Adelaide Steamship has made a \$A3.15m. cash takeover offer for importer and merchant Abel, Lemon Holdings. The bid is interesting because Adelaide Steamship is currently one of a number of companies which is under attack for building up a large stake in a company without making a complete takeover offer.

Adelaide disclosed that it had acquired a stake of 10.88 per cent in Abel, Lemon, before launching its bid. In fact, Adelaide began buying steadily on the market as far back as February.

While building up its Abel, Lemon stake in preparation for an offer, Adelaide was also buying shares in the engineering company Luke Ltd. After it built up a 17 per cent holding, the Luke Board approached NKS Holdings, which announced a takeover offer. Adelaide responded by buying Luke shares in the market and now holds 34 per cent of the capital. Adelaide maintains that it has no intention of extending an offer to all Luke holders.

The offer for Abel, Lemon is \$A1.00 cash share, which is only five cents above the pre-offer market price of 95 cents.

On yet another front, the Melbourne Stock Exchange has told Directors of Michaelis Barley that they must get a decision on a possible takeover bid by five p.m. on Friday November 18. The Exchange suspended trading in Michaelis shares earlier this week at the request of the Michaelis Board.

THE NEW SOUTH WALES Attorney-General, Mr. Frank Walker, said that he intended to propose legislation to strengthen the position of minority shareholders in takeover situations.

"I intend to propose that such provision be incorporated in the legislation currently being formulated by all states and the Commonwealth to ensure strong uniform laws under the national Companies and Securities Commission," he added.

CSR hit by sugar setback

A DOWNTURN in sugar production and world sugar prices held CSR, the major sugar, building products, mining and pastoral group, to a profit increase of only 3.1 per cent in the September half year, writes James Forth. CSR earnings rose from \$A23.3m. to \$A24.0m. The interim dividend is held at 7.5 cents a share and will be paid on shares issued to acquire the mining company AAR, which is the major shareholder in the large Hall Creek coking coal project.

CSR currently holds about 74 per cent of AAR and its bid is due to close on November 30. It succeeded only after a bitter struggle and after Rio Tinto-Zinc's Australian offshoot Conzinc Riotinto of Australia, was refused permission to mount a counterbid to re-establish its former large stake in Hall Creek. CRA holds about 14 per cent of AAR and to date has maintained that it will not accept the CSR offer, but will remain as a minority holder in AAR.

The CSR directors said today that the acquisition of a majority interest in AAR was a major step towards strengthening its resources base. Development of the \$A800m. plus Hall Creek project would be a priority task for CSR in the next few years.

"The moves into coal, oil and gas are in furtherance of our strategy of concentrating the company's resources of capital and people on those mainstream activities that provide, or are likely to provide, the best profit," they added.

The directors said the outlook for sugar beyond this year had been improved by the satisfactory renegotiation of the long term sugar arrangements with Japan and by the conclusion of a new international agreement, which benefits amounting to \$A4m. in

Pacific Can slows ACI

AUSTRALIAN Consolidated Industries (ACI) the major glass, packaging, plastics and engineering group, boosted earnings 33 per cent from \$A5.4m. to \$A7.1m. in the six months to October 2, James Forth writes. The profit is before taking account of extraordinary losses of \$A6.43m. related to Pacific Can, which manufactures a two-piece can.

ACI formed Pacific Can with Daiwa Can, using the Japanese group's process, but bought out Daiwa last year. The extraordinary items comprised \$A4.32m. written off pre-production costs and a further \$A2m. write-down for the closing of a can making plant. These losses were partly offset by extraordinary profits of \$A3.78m.

The directors said that the joint venture operations at Pilkington ACI (flat glass) and Crown Corning (pressed and blown glass, ovenware), reported lower operating profits.

No account had been taken of benefits amounting to \$A4m. in

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Braby Leslie Ltd
 Mechanical and Civil Engineers
INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30th SEPTEMBER 1977

The unaudited results for the half-year ended 30th September 1977 are given below together with the comparative figures for the half-year ended 30th September 1976 and the full year ended 31st March 1977.

The results include post-acquisition turnover and profit before tax of £2,505,000 (£2,287,000 respectively) from E. C. Paytor & Company Limited acquired on 1st July 1977, and S. Briggs & Company Limited, acquired on 1st September 1977 with effect from 1st April 1977.

	Half-year ended 30th September 1977	Half-year ended 30th September 1976	Year ended 31st March 1977
	£000	£000	£000
Revenue	15,417	10,757	23,859
Gross Profit	1,212	890	1,851
Less: Depreciation	(56)	(82)	(138)
E-TAX PROFIT	1,156	808	1,515
Less: Taxation (note 1)	(447)	(301)	(294)
PROFIT after taxation and before extraordinary items	709	507	1,221
Less: Extraordinary items	—	—	(596)
Profit	£709	£507	£625
Earnings per Ordinary Share (note 2)	8.4p	8.0p	17.7p
Earnings per Ordinary Share assuming full tax charge at 62%	6.8p	6.1p	10.5p
Net tangible assets per Ordinary Share	73.7p	88.3p	70.2p

The low taxation charge is due to the fact that provision has been made for deferred taxation only to the extent that it is reasonable to expect that such values will reduce in the foreseeable future.

The earnings and net tangible assets per Ordinary Share at 30th September 1977 have been based on 8,417,817 shares deemed to have been in issue from 1st April 1977.

The Interim Statement to shareholders, the Chairman, Mr. Eric Izod, makes the following points:

An interim dividend of 2p (gross 3-0303p) per share has been declared for the year ending 31st March 1978, compared with 1-75p (gross 2-8923p) paid last year.

The Board expects, in the absence of unforeseen circumstances, to recommend a final dividend of 3-25p (gross 4-9242p) for the year ending 31st March 1978, making a total of 5-25p (gross 7-9545p) per share. For the previous year dividends will amount to 4-5423p (gross 6-9231p) per share.

S. Briggs & Company Limited was acquired for a consideration of £736,682 as from 1st April 1977. Its brewing equipment complements and expands the Group's range of bulk storage equipment.

The mechanical engineering companies have had a satisfactory half-year and demand continues to be good.

In a difficult civil engineering climate, George Leslie Limited and Tam's Loup Quarries Limited have achieved results higher than expected and are currently operating at a satisfactory level.

The run-down of Cable Lines Limited has proceeded smoothly; contracts have been exchanged for the sale of the freehold property in Nottingham for £115,000 (book value £39,460).

We have eliminated current losses at Cable Lines Limited and believe adequate provisions have been made for rectification work etc. We also have the benefit of recent acquisitions. Having regard to the current order books in the Group, we are confident that unless there are unforeseen circumstances outside our control, our expansion will be maintained.

Balanced growth from the Ennia insurance group

Half year figures show insurance, finance and related activities contributing to an overall rise in income and profits.

ENNIA are a leading Dutch insurance group. Indeed, in terms of gross receipts, we're one of the largest insurance groups in the Netherlands.

Between 1972 and 1976, total receipts have risen from £190m to £354m, an annual average increase of 17%.

Profits have developed satisfactorily too: from £4m to £8m over the same period. Last year we paid a dividend of £1.51.

Overall, Ennia have a record of producing sustained balanced growth at home and overseas to the benefit of both shareholders and policyholders.

Our interim results, just released, show the same picture: with gross receipts, net profit and dividends all increasing.

Interim figures (UNAUDITED)

£ million	First half year 1977	First half year 1976	1976	1975	1974
Gross premium life assurance	86.2	85.3	141.2	172.7	118.4
Gross premium general insurance	59.3	51.7	96.2	86.4	58.4
Other income	65.9	49.4	116.5	82.7	65.6
Gross receipts	211.4	186.4	353.9	343.8	242.4
Per ordinary share of Dfl. 20.00 (£4.64)	£	£	£	£	£
Shareholders' funds	58.05	58.30	55.99	57.22	48.34
Net profit	2.40	2.07	4.81	4.28	4.09
Dividend			1.51	1.34	1.24

(Exchange rate: 24th October 1977 £1 = Dfl. 4.3061)

If you have a professional or financial interest in the performance of a soundly based, international company, why not write for a copy of our full interim results, and Report and Accounts.

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 Please send me the following: Interim Results in full. Report and Accounts.
 Name: _____ Company: _____
 Address: _____

But our overseas strength is developing well. We have offices, subsidiaries and affiliates in the United Kingdom, Belgium, the United States, the Caribbean, Republic of Surinam and the Middle East. They already contribute 18% of our total gross receipts, and we plan to increase that percentage.

FINANCIAL TIMES

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Friday November 18 1977

Money supply targets

AS THE banking figures for the month to mid-October had already suggested, the growth of the money supply on the broader definition has now moved outside the official target range of 9-13 per cent for the financial year; during the six months that have so far elapsed, sterling M3 has been growing at an annual rate of 14 per cent. The sudden change during the past couple of months from growth at the bottom end of the range to growth first at the top end and then above it is almost entirely due to the heavy inflow of funds from abroad. Since this inflow remained heavy between mid-October and the decision to let the exchange rate float upwards, the money supply figures for at least the next month are also likely to be outside the target range.

This cannot fairly be described as an abandonment or failure of monetary control, given the abnormal circumstances responsible. Indeed, the decision to let the exchange rate float upwards, despite the reservations of several leading politicians—and the theoretical doubts about appreciation aired in the last Bank of England Bulletin—is a convincing demonstration of official determination to continue attributing more importance to monetary control than in the past. The Governor's remarks at the Mansion House dinner about the continuing value of published money targets point in the same direction.

Re-definition

But Mr. Richardson was careful to emphasise the long-term value of monetary control in checking inflation and to dismiss the notion that there is an immediate connection between fluctuations in the money supply, however defined, and changes in the price level. From such an undogmatic point of view, there are obvious disadvantages in having a monetary growth target for the financial year as a whole, even if the target is a reasonably broad one.

The rising yen hits Japan

THE JAPANESE have long protested that they are the fragile giant amongst industrial nations. Just how fragile has been underscored by the sharp appreciation over the last two months of the yen which yesterday closed on the Tokyo exchange at a new record against the dollar of ¥244.10. In contrast to all the past pleas and admonitions to the Japanese to step up their imports which have flowed like water off a duck's back, the pressure on the currency sparked off by the pointed remarks by Mr. Michael Blumenthal, the U.S. Treasury Secretary, two months ago have pierced Japan's armour at the one point it is vulnerable.

The result has been to deliver the Japanese a sharp blow—but at the expense of causing dislocation and deflation in the economy that at the moment benefits neither the Japanese nor anybody else. The trauma will only be worth while if it leads to a sorting out of the trade problems that now exacerbate relations between Japan and the west.

New measures

In an attempt to minimise the immediate damage the Japanese Government yesterday announced new measures to slow down the inflow of foreign funds. These follow earlier ineffective intervention by the Bank of Japan to steady the rate. The most the authorities can now hope is that the measures will have a limited effect.

More important are the signs that the Americans have stopped "talking up" the yen—the purpose of Mr. Blumenthal's remarks—and the hopes Japan is putting in the forthcoming meeting of OECD Working Party 3 to get co-ordinated action by the major central banks. But the possibility cannot be ruled out that the yen will reach a new ceiling of ¥230 to the dollar before the year is out.

There can be no underestimating the damage that the yen's dramatic rise (a 19 per cent revaluation since the

No doubt there was much to be said, given the collapse of confidence in sterling which led to the IMF loan, for setting a target of this kind; no doubt its existence has made a considerable contribution towards the restoration of overseas confidence and the authorities will do their best to hit it.

But monetary policy is not an exact science. Not only are the measures used rough-and-ready, liable to be distorted by a variety of influences ranging from changes in financial habits to purely statistical aberrations, but the economic situation and outlook which monetary policy seeks to affect is itself constantly changing. The main drawback of having a target fixed for the financial year as a whole is that drastic measures may have to be taken in the closing months of the year if one seems to be under- or overshooting it. The U.S. system of re-defining monetary targets periodically is preferable, and it is to such a system that we shall probably move in this country after next April.

U.S. experience

But recent U.S. experience suggests that this more flexible system has disadvantages of its own. It so happens that the behaviour of the U.S. money supply this year has been rather difficult to explain while there is a wide range of opinions about the way in which the economy is likely to develop next year. For this reason—especially with the dollar under heavy pressure—the Federal Reserve has found it difficult to revise its monetary targets yet liable to criticism for every movement of the money supply which seems inconsistent with them. Despite attempts to deny the existence of any basic difference of view between the Administration and the Federal Reserve, the former is naturally inclined to attach more importance to its economic growth hopes and the latter to a reduction of inflation and the payments deficit. Monetary policy, as trade unions here may not yet have fully realised, is inevitably a political matter.

HISTORY RARELY is as swiftly or as obviously made as it will be tomorrow when President Anwar Sadat of Egypt arrives in Jerusalem. For 30 years, Arabs have regarded contact with Israelis as a heinous political crime, as bad as breaking quarantine. But tomorrow, President Sadat breaks through these taboos, and is going to talk to Mr. Menachem Begin, Israel's Prime Minister, and to address the Knesset, Israel's Parliament, in the Holy City.

It is only nine days ago President Sadat was telling his Parliament: "Israel will be astonished when it hears me saying now that I am ready to go to the Knesset itself and to talk to them." He always has been a skilful political gambler when in a tight spot. But nothing matches this throw, which could be the breakthrough in Arab-Israeli relations—or destroy Arab unity and bring about the downfall of his own regime.

The Israelis were not the only ones to be astonished. The Arabs themselves were stunned into silence. The first to recover were predictably Iraq and Libya and the "rejectionists" among the Palestinian groups. President Assad of Syria, who failed to convince Sadat in Damascus that a visit to Israel was folly, has added his criticism. But significantly, Saudi Arabia, Jordan, and Mr. Yasser Arafat, the leader of the Palestine Liberation Organisation, all kept quiet—and in Arab terms that implies approval.

Grain of truth

Inevitably, there is talk now of Sadat's visit being a deep-seated plot hatched by the U.S. to isolate Egypt from the rest of the Arab world, to ditch the Palestinians, and to get around the problems which seemed likely to prevent the reconvening of a peace conference in Geneva. Inevitably, too, there may be a grain of truth in some of these suggestions. President Ceausescu of Romania, whom both President Sadat and Mr. Menachem Begin, the Israeli Prime Minister, have visited, may well have caused the idea of a visit to germinate in President Sadat's mind. Israel had some idea of what was coming, but the timing remained his and his alone. In reaction, Mr. Begin moved from scepticism about what he took to be President Sadat's rhetoric to making the visit a fact.

Does Mr. Sadat's visit mean that Israelis will now trust Arabs, or vice versa? Almost certainly not, for Israelis after four wars with the Arabs and constant guerilla harassment still feel that the Arab's long-term aim is to make Israel disappear, and that Israel is still

not accepted as part of the Middle East. Two indications of this uncertainty are enough. On Wednesday night, Mr. Begin speaking on BBC television made much of the Palestine National Charter and the implication in it that Israel does not exist. Secondly, amid the excitement in Israel that Mr. Sadat might really be coming, Lieutenant-General Mordechai Gur, the Israeli Chief of Staff, said that Egypt might only be indulging in a deception on the scale of the 1973 war, when on Yom Kippur, Egyptian and Syrian troops caught Israel's forces unawares.

As the newcomer to the Middle East Israel has always been able to take the position that it has no inhibitions about sitting down and talking with its enemies. By contrast, the Arabs have frequently looked faintly ridiculous in the extremes to which they have been driven to avoid contact.

President Sadat's visit is important because it illustrates that there have been changes of Arab attitudes. On the one hand, the Arabs have become more self-confident. They are richer. They are better armed than before. In the 1973 war their early successes convinced them that Israeli soldiers were not invincible. In short, the world has been forced to take notice of their importance.

On the other hand, the process of diplomacy has shown that negotiations can lead to Israeli concessions as they did in 1974-75. Above all, a variety of direct contacts, ranging from King Hussein's hush-hush meetings with senior Israelis, to the military meetings at Kilometer 101 on the Cairo-Suez road and the first Geneva conference have all had the effect of breaking down the taboo against meeting face-to-face.

The momentous implication of these moves towards mutual acceptance is that on the Arab side there is recognition that a "Zionist entity" (to use "rejectionist" parlance) is here to stay, and that on the Israeli side there is an understanding that for the first time in its existence as a state, Israel will have to settle for final limits, to its territory. As a result, both Arabs and Israelis will have to find means of fostering patriotism and national unity by means other than mutual enmity.

These points may indicate the historical significance of President Sadat's visit, but not the reasons for its coming about. On one level, it is a reflection of his character. He is a gambler by nature, reckless enough to risk the resignation of his Foreign Minister, Mr. Ismail Fahmi, and the alienation of Syria. Twice before, he has stunned the world by producing devastating coups when he was boxed in diplomatically and faced by opposition at home. The first was the expulsion of the Soviet military advisers in



Mr. Begin, President Sadat and President Assad (from left to right): the fundamental demands remain.

July 1972, and the second, the launching of the 1973 war.

The fact is that Sadat had become more desperate than ever for a dramatic gesture. In January, the removal of food subsidies led to riots all over the country, the worst since the days of King Farouk. His political gamble in setting up three unrepresentative parties had strengthened not weakened political opposition. His foreign policy was criticised for the short war this summer with Libya, for his dependence on the U.S. and his hostility to the Soviet Union. Geneva, the centrepiece of the year's strategy looked a forlorn hope at best. In short, he needed something dramatic which would cut through these problems, to gain global sympathy, and to win more time.

International acceptance

Mr. Begin, in his turn, needed a coup as badly as Mr. Sadat. After his Government came to power in May, its declared refusal to withdraw from the Arab occupied territories and to deal with the PLO earned it a reputation for intransigence. Mr. Begin reacted by seeking international acceptance: hence his visits to the U.S. and Romania (and also the now-cancelled visit to Britain). At the same time he conducted a skilful campaign to suggest that the Arabs, not the Israelis were

raising obstacles to negotiations. In these circumstances, it became hard to turn down Mr. Sadat's self-invitation once it had been made and was seen to be serious.

The journey to Jerusalem could prove completely disastrous. It could lead to President Sadat's overthrow. It could dangerously split the ranks of the Arabs who did show signs of moderate cohesion at the recent meeting of the Foreign Ministers of the Arab League in Tunis. But the points of disagreement among them are fundamental to the reconvening of Geneva. The first is who should represent the Palestinians, and how. Israel still refuses to deal with the PLO in any form, but both Israel and the Arabs had accepted the proposal that the Arabs should be represented at Geneva by a united delegation, in which it was gradually being understood at least by Egypt and Jordan, a Palestinian would be present. Syria explicitly wants the Palestinian to be PLO member.

The second point concerns the future of the West Bank, juridically part of King Hussein's Kingdom of Jordan. There has been a general acceptance that it, with the Gaza Strip, should form a mini-state of Palestine (a notion unacceptable to Israel). Whether it is to be linked to Jordan or independent is a point of acute controversy among the Arabs. The Arabs, and Syria in particular, are afraid that one of

the main purposes of Mr. Begin's basic concessions. The tempt in receiving President Sadat is to reduce him into concluding circumstances to gain time by a bilateral agreement. The strike history runs then—and the Americans are apprehensive of this too—that Jordan might be tempted to follow suit, leaving Syria, and the PLO in dangerous isolation. This would have the effect of destroying the drive Syria and the PLO, which is badly split, into dangerous alliance with the rejectionists.

Thus, in many ways, Mr. Sadat is perilously balanced between setting off a chain reaction of Arab-Israeli contacts, having no effect on the basic differences between the sides beyond creating a left approach to a settlement, and the drive Syria and the PLO, which is badly split, into dangerous alliance with the rejectionists.

Military strength

On the Israeli side, the only remembering two points. A burst of General Gur is not the disastrous 1967 defeat in the Khartoum summit on their three "noes" making sure that his warnings are on the record. It has been discounted both by American sources, which point out that Syria is where it was in 1973, and that Egypt is weaker, while Israel is probably half as strong again. General Gur was disowned by Mr. Ezer Weizman, the Defence Minister, but less than one month ago Mr. Weizman himself was threatening to hit out at the Arab military machines. Mr. Sadat would be welcome to explain his views, but there lies Israel's fear that, in spite of the massive pressure of the Jewish lobby in Washington, the U.S. might apply direct pressure on Israel to make the

MEN AND MATTERS

Going off the rails

Officials in Unity House, headquarters of the National Union of Railwaymen, were yesterday poring over documentation about the latest phase in a road-rail quarrel involving such disparate elements as Jack Jones, the container traffic to South Africa, some major British companies, the shop stewards in Southampton docks, and an environmental magazine called The Vole.

At the heart of the row are renewed allegations that some leaders of lorry-drivers and dockers in the Transport and General Workers Union have threatened to "black" companies which switch traffic from road to rail. When I asked a British Rail spokesman yesterday about these charges he replied: "We have to say we have no evidence." Offered what might seem like pretty compelling details (wait for it), he repeated the same reply in a somewhat robot-like tones.

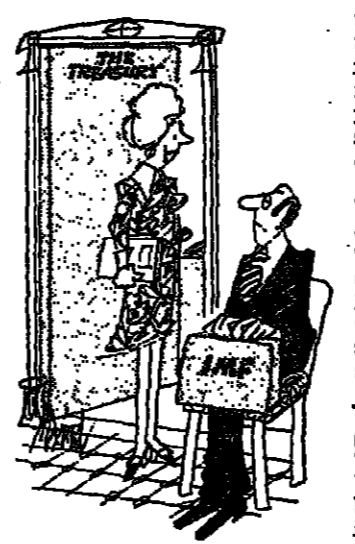
Over at Unity House, they are more forthcoming. "We have discussed this subject often with the British Rail Board. It seems that none of the companies which have been put under pressure is willing to come forward—if they were, it would all be different. We have spoken to Jack Jones, as TGWU general secretary, and got nowhere."

The rail union spokesman, Arnold Edmundson, was also ready to quote chapter and verse about the way Volvo were stopped sending their cars by rail from Grimsby. This month there is a new dispute about forcing cement distribution on the railways in North Wales. But the immediate cause of the future is an extensive report in The Vole about the Didcot Distribution Centre, opened by private enterprise in July, 1974, to handle container

traffic from Southampton Docks—and ironically, since the main protagonists are all solid Labour Party men—mainly destined for South Africa. A "delighted" British Rail installed sidings, customs men were drafted in, and the company involved, Howard Tenens Service, prepared for business in a 200,000 square feet warehouse on a 32-acre site. But only one container train has ever entered the Didcot centre in more than three years.

In their own magazine, called The Hook, shop stewards of the Southampton Docks recently recounted proudly how they had gone up to Didcot in Oxfordshire and told every shipping agent there that unless they agreed to have their containers "stuffed" and "un-stuffed" on the docks, instead of at Didcot, their business would be halted. Minutes of a Labour Party transport sub-committee meeting in September show that Jack Jones, who was present, asked for a memorandum on the dispute to be destroyed. He also denied all knowledge of The Hook, or a certain Ron Mouldsdale, whose account boasted of how Didcot had been "fixed." I can shed a little light for Jack: inquiries in Southampton reveal that Mouldsdale is a leading shop steward there and his brother is a fulltime TGWU official. Ron Mouldsdale's shop steward colleague's told me yesterday: "We have absolutely no comment on all this. Ron is not here. Ask Jack Jones."

He was also not available, but I did speak to Jack Ashwell, national secretary of the dockers section of the TGWU. He said: "People have put the wrong emphasis on certain things. We did not use any unsuitable methods. As far as we are concerned, it's a closed matter." But over at the NUR, they say: "It looks as though there might be more to come out."



"Can you wait? Mr. Healey is busy counting the reserves!"

Sad safari

Several thousand people queued around an entire block between Madison and Fifth Avenues yesterday. It was the start of the closing down sale of Abercrombie and Fitch, the world famous outfitters of the royalty, high society and at least one United States President. The sale is one of the last sad episodes in a battle to avoid bankruptcy brought on by seven years of continuous losses, as demand for the company's lavish and bizarre sporting equipment and clothing steadily slumped.

Though businessmen and suburban housewives were well represented in the patient queue, the blue denim generation was dominant—with many of its members making their first visit to the increasingly anachronistic Madison Avenue store. They were attracted by the promise of up to 50 per cent off goods ranging from hunting knives to leather animals. But

the first bargain hunters inside the store were immediately confronted with high-priced reminders that a spree in the 84-year-old Abercrombie and Fitch store was never—and is not today—a cheap thing. Five of Abercrombie's nine U.S. stores have already been closed in the past few weeks. The company filed for reorganisation under the Federal Bankruptcy act in August 1976, when total assets amounted to \$7.1m., in a failing attempt to sort out its financial crisis.

Mirror image

Veterans of British Leyland have been organised, disorganised and re-organised so many times in recent years that they tend to view the latest new-broom activism of chairman Michael Edwards with a certain air of world-weary déjà vu. But yesterday's announcement that the company newspaper British Leyland Mirror has also been abolished in its present form has aroused considerable apprehension on fairly predictable lines of "here goes the baby with the bath water."

The decision to merge the various company publications into one main organ was taken as part of the Ryder reorganisation. Since then the publication has received a number of awards for professional excellence—including this year's Association of Industrial Editors Award. The latest, and last edition, has a photo of a purposeful looking Edwards clutching a phone in the best can't-spare-a-minute style of executive urgency under the headline "Help me do the job," accompanied by the loyal cross-head "and Cowley men rally to the call." Nothing to complain about there one would have thought.

Why the Leicester?

100,000 new accounts have been opened with the Leicester Building Society so far this year. Why? Because there's such a good range of investment and savings schemes. Because it's one of the very big, very experienced building societies, whose assets are now over £1,000 million. Because it is convenient—there are 1,400 branch offices and local agencies throughout the UK. Now you know why, why not join the Leicester Investors? Live where you like, but invest in the Leicester.



Observer

COMPANY NEWS+COMMENT

Associates lift Redland at half time

IN A DIFFICULT period Redland, suppliers of raw materials and finished products to the construction industry, managed to raise group pre-tax profits by 70 per cent to £17.5m in the 26 weeks ended September 30, 1977. The increase stemmed mainly from overseas associates—those in Australia and Europe improved their performance with the group's share of profits rising by 30.7 per cent to £4.3m.

Against a background of falling orders for new constructions and declining housing starts in the U.K., together with a strong new building situation in West Germany the chairman warned last August that overall he did not hold out much hope of any significant advance in earnings in the current year.

Profits of the group in the U.K. were marginally better at £7.5m, against £7.0m on sales a little higher at £57.7m.

Profits of the overseas subsidiaries were unchanged at £3.72m—total overseas sales increased from £37.21m to £58.37m.

Exports from the U.K. in the half-year totalled £4.55m, against £3.55m in the first half of 1976-77 and with £2.91m for the whole of that year.

At the net attributable level profits showed an increase of 5.2 per cent to £7.03m, while earnings per share are shown at 7.7p against 7.37p.

To reduce disparity between payments the interim dividend is lifted from 1.73p to 2.00p, net—total for 1976-77 was 3.7814p paid from profits of £34.2m.

Company	Page	Col.	Company	Page	Col.
Alida Pckg.	23	3	Intl. Paint	24	3
Amber Industrial	22	7	Linread	22	3
Beecham	23	1	London & Provincial	24	4
Bellway	24	6	Martonair	24	3
Berner (Leon)	24	4	Mercury	22	3
Billam (I.)	24	7	Nat. Carbonising	24	1
Black Arrow	24	5	Northern American	23	2
Braby Leslie	22	5	Ocean Wilsons	22	4
B. & C. Shipping	22	7	P'mouth & Stand	23	2
Bulmer & Lumb	22	2	R. Dutch Shell	23	4
Caledonia Invs.	22	7	Redland	22	1
Cocksedge	23	1	Scottish Merc.	24	8
Cumulus Inv. Tst.	24	5	Supars Invs.	23	4
Davis (Godfrey)	22	1	Town Centre Props.	24	6
Fisons	22	7	Valor	24	3
Field Bros.	24	8	View Forth I.T.	23	1
Hinton (Amos)	24	7	Viners	24	4
Hoare Govett	24	6	Witan Inv. Tst.	23	5

ries (Amos) where the profit contribution rose from £2.2m to £2.9m. The rest of the advance was evenly split between the overseas subsidiaries performance was flat, and in the German market, which was up by 4 per cent against the U.K. market was much better being hit by a poor performance in concrete pipes. Sales here showed a fall of over a third, which produced only tiny profits due to cutbacks in Government spending. But brick deliveries were up by 1 per cent against an industry decline of 11 per cent on the same period. Since Redland operates at the high quality end of the market prices remained firm as well. The group is carrying around five weeks stocks compared with the industry's two months. Analysts are now looking for £40m for the full year, against £34m, so the shares at 130p sell on a prospective p/e of 7.9 and yield 30 per cent.

Bulmer & Lumb tops £700,000

DESPITE LESS favourable trading conditions, worsted spinners Bulmer and Lumb (Holdings) pushed taxable profit up from £460,888 to £700,573 in the October 9, 1977 half year on turnover ahead from £10.1m to £13.9m. After tax of £386,000 (£343,000) this six months. Stocks fell to £0.87m, in the period while debt rose £1.14m, to £6.37m, and bank and cash balances advanced from £2.49m to £3.5m. However creditors rose from £9.56m to £7.78m, and bank overdrafts pushed up from £3.55m to £4.44m.

Mr. C. A. Redfern, chairman, says full year results will substantially exceed last year's record £2.44m. In the first half he says the rental, leasing and haulage-driven operations achieved record results due to high utilisation of the rental fleet and a strong used vehicle market. United Service Transport, a subsidiary of A&P, has also been consolidated for the period.

Record sales and profits were achieved in its main dealerships with Ford products continuing to dominate the British motor industry.

Torbay Chale Hotel again produced higher profits and additional accommodation provided this year was fully occupied.

Caravan sales remained sluggish and this trend is expected to continue until there is some general improvement in disposable income.

After tax of £1.29m, (£830,000) and minorities share of losses of £3,000 (£7,000) available profit is up from £300,000 to £1.7m. Earnings per share are stated at 9.6p against 4.9p, and the interim dividend has been boosted from 0.71p net per 35p share to 0.77p. Last year a 2.25p/35p final was paid, and directors expected to lift 11.5p to the maximum permitted amount this year.

An unaudited balance sheet shows a decline in net current assets from £1.52m to £1.69m, in

of strikes and other forms of industrial disruption among its major customers, particularly the motor industry.

On the aircraft side the more involved manufacturing cycle means that the main effect of any improvement will not show through until the second half.

Overseas the improving trend in Canada and the excellent German performance of last year are expected to continue. But while the current dislocated conditions persist in the U.K. it is not possible to make a reliable forecast for the outcome either for the first half or for the full year.

Taxable profit of Linread in the year to July 30 was £168,000 compared with a £333,000 loss previously, and after charging a £226,000 loss on Australian operations. A terminal loss of £59,787 for Linread Australia, was shown as an extraordinary item. The company is now dormant with all tangible assets, apart from an undeveloped industrial freehold, sold with all external liabilities discharged.

In the year all U.K. units except aircraft products division improved their performance as the year progressed, and were more profitable in the final six months.

The CGA profit statement included with accounts shows the historic cost pre-tax profit reduced by a £460,000 cost of adjustment, £36,000 in additional depreciation and an increase in the Australian loss to £337,000. After minorities and extraordinary credits a £13m holding gain and monetary gains adjustment leaves the overall surplus for the year at £687,000 against a £207,000 loss.

Meeting, Birmingham, December 9 at noon.

Progress by Ocean Wilsons

DESPITE turnover showing little change at £17.2m, Ocean Wilsons (Holdings) increased pre-tax profits from £1.29m to £1.5m in the six months to July 31, 1977.

Mr. A. H. Lynam, chairman, says in his annual statement, "Linread is well able to take advantage of this, particularly in providing a rapid increase to the extremely short order lead times which are the general rule."

He says that with the closing down of the Australian operation now complete a major worry has been removed and all operating units are in sound shape.

On the orders position Mr. Lynam says the effect on sales for the commercial products division has been well below expectations so far, owing to the effects

Statement Page 24

Increase in orders at Linread

Progress by Ocean Wilsons



Mr. Bob Wilkins, chairman of the Beecham Group, who announces an £11m. rise in first-half profits.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div. last year	Total for year
Alida Packaging	2.2	Jan. 5	2	5.88
B. and C. Shipping	1.25	Jan. 10	1.25	6.34
Beecham Group	0.75	Jan. 3	0.75	2.51
Leon Berner	1.31	Jan. 3	1.3	2.81
Bellway Holdings	0.79	Jan. 6	0.72	2.93
J. Billam	0.7	Jan. 3	0.5	3.25
Black Arrow	0.6	Jan. 13	1.75	4.54
Braby Leslie	0.77	Jan. 10	1.24	2.78
Bulmer and Lumb	1.365	Jan. 11	3.33	7.81
Caledonia Invs.	0.83	Jan. 11	0.81	0.7
Cocksedge	0.8	Dec. 23	0.7	0.7
Cumulus Investment	0.77	Jan. 3	0.5	1.97
Godfrey Davis	1.44	Jan. 17	1.3	2.59
Grampian TV	0.84	Feb. 5	0.35	2.03
Amos Hinton	1.85	Jan. 3	1.75	2.45
Intl. Paint	2.09	Jan. 16	1.74	3.78
Northern Amer. Trust	3.03	Dec. 22	1.7	3.02
Ocean Wilsons	0.82	Jan. 27	0.82	0.78
Redland	0.7	Jan. 27	0.64	1.98
Seal & Mercantile	0.65	Jan. 3	0.55	1.73
Town Centre Secs.	1.1	Jan. 3	0.8	1.3
Valor	0.6	Jan. 2	0.5	1.3
View Forth Inv. Trst.	0.65	Jan. 2	0.5	1.3
Viners	0.65	Jan. 2	0.5	1.3
Witan Investment	0.65	Jan. 2	0.5	1.3

First half expansion at Braby Leslie

REPORTING pre-tax profits ahead from £808,000 to £1,156,000 for the half-year to September 30, 1977, the directors of Braby Leslie with regard to current order books, are confident that expansion will be maintained. For all 1976-77, they announced a record £1.32m. surplus.

Losses have been eliminated at Cable Lines and the directors believe adequate provisions for re-equipment work, etc., to have been made. They point out that the company will benefit from the recent acquisitions of E. C. Payer and Co. and S. Briggs and Co., which contributed half-year profits of £297,000.

Group turnover advanced from £10.76m to £13.42m, and after tax of £447,000 (£301,000) the net profit emerged at £700,000 against £507,000. Stated first half earnings are 8.4p (8p) and assuming full 32 per cent tax are 6.8p (6.1p) per 10p share.

The interim dividend is lifted to 2p (1.75p) net, absorbing £180,550 (£129,811) with a 2.5m final already forecast—last year's total of 4.523p includes an additional 0.0432p to be paid with the current year's interim.

Mr. Eric R. Izod, the chairman, reports that the group's mechanical engineering companies have a satisfactory half-year and demand for their products continues to be good. Exports by Auto Diesel Braby were again in excess of 60 per cent of their turnover and other subsidiaries are expanding exports.

In the difficult oil engineering climate, George Leslie and Tam's Crown Quarries achieved results which exceeded expectations and are currently operating at a satisfactory level, says the chairman.

The run-down of Cable Lines, has proceeded smoothly, he says and all Post Office contracts have been completed apart from reinstatement work. Contracts have been exchanged for the sale of the Nottingham freehold pro-

B & C Shipping tops £11m. so far

WITH REVENUE £15.5m, higher than £11.7m, pre-tax profit of British and Commonwealth Shipping Company rose £2.5m to £11.8m in the six months ended June 30, 1977.

All operating areas except shipping contributed better results. The shipping operating profit declined from £3.5m to £3.52m, while the leisure industry with a turnover from an £892,000 loss to a £36,000 operating profit showed the greatest improvement. But directors do not expect leisure results to be maintained in the closing half because of the seasonal nature of its hotel business.

Half year 1977 1976
Operating profit £3,520,000 £3,520,000
Profit before tax £11,800,000 £11,800,000
Less: Minority interests 1,000,000 1,000,000
Profit on sale of ships 1,500,000 1,500,000
Less: Car. loss 500,000 500,000
Net profit £12,820,000 £12,820,000

Caledonia Investments, which owns 49 per cent of B. and C. Shipping, also reports improved results with a £78,000 advance to £1.58m in the September 30 half year. Its 74 per cent owned Amber Industrial Holdings reported a £124,000 to £183,000 increase in the six months to September 30.

Directors of B and C Shipping expect profit for the year—including the attributable results of major associate companies—to show a satisfactory increase over the £9.96m of last year.

Accounts for the full year regarding associates stemming from the increase from a 7.62 per cent holding in Overseas Containers to a 29 per cent stake. This is a result of the bantamisation of the South African trade, and a "change in shareholding" from September 1.

Until now only dividends received declared in the periods have been brought to account, but now that a major part of shipping activity will be represented by an increased share of OCL profits, the attributable results of the main associates will be included in the group's profit and loss account. South African Marine Corporation, which is not regarded as an associate, after tax of £5,040, (£5,460) net profit of B. and C. Shipping

Fisons sales prospects

An advance in sales of between 12 and 13 per cent over last year's is expected. This is the forecast in 1977, Mr. R. Boudin, chief executive, told a Press conference in Frankfurt yesterday.

He noted that U.K. analysts forecast a slight increase in pre-tax profit for the year over the record £18.64m. achieved last time, but little growth in earnings per share.

Commenting on the outlook Mr. Boudin said the group earned nothing from its fertilizer operations in the first half, which normally accounts for two-thirds of the division's surplus. It is expected that the group will produce ammonia from North Sea natural gas costing only 2p per therm, against ruling world market prices of 10p.

Fisons is obtaining half its needs from ICI but must buy the rest on world markets.

However, the fertilizer sector had shown some recovery in the second half, and more profit is expected in 1978, he added.

The group remains interested in further acquisitions for its pharmaceutical, agricultural, chemical and scientific equipment business, with the U.K., Europe (especially France) and the U.S. seen as likely areas for expansion, he said. Fisons does not intend to float a M&P fund, and he regarded the company's equity base as satisfactory.

Traditional beer boosts Belhaven

In line with the direct cash in August, of a sale level of profits for 1977, Belhaven Brewery Group's C.C.H. Investments pre-tax balance of £1.5m, after tax of £1,000,000 net profit for the emerged at £87,100 (£67,000).

The directors report that in the second half to date a continuing improved position allied to a reduction in interest charges. Traditional beer sales increased by 31 per cent over the first six months of 1977 as reports a rise in taxable profit from £148,422 to £192,100 for the increased demand from six months to August 31, 1977. Turnover was better at £1.6m, the number of new outlets

26 weeks	1977	1976
Sales	£12,900	£11,200
Cost of sales	8,720	8,320
Gross profit	4,180	2,880
Operating expenses	1,790	1,630
Operating profit	2,390	1,250
Finance charges	1,500	1,200
Minority interests	1,200	1,200
Attributable profit	890	500

Godfrey Davis over £1m. up halfway

WITH TURNOVER higher at £40.6m, taxable profit of hire group and Ford dealers Godfrey Davis jumped from £1.42m to £2.55m, in the half year ended September 30, 1977.

Although second half results were not expected to match the £1.02m, achieved in particularly favourable conditions last year, Mr. C. A. Redfern, chairman, says full year results will substantially exceed last year's record £2.44m.

In the first half he says the rental, leasing and haulage-driven operations achieved record results due to high utilisation of the rental fleet and a strong used vehicle market. United Service Transport, a subsidiary of A&P, has also been consolidated for the period.

Record sales and profits were achieved in its main dealerships with Ford products continuing to dominate the British motor industry.

Torbay Chale Hotel again produced higher profits and additional accommodation provided this year was fully occupied.

Caravan sales remained sluggish and this trend is expected to continue until there is some general improvement in disposable income.

After tax of £1.29m, (£830,000) and minorities share of losses of £3,000 (£7,000) available profit is up from £300,000 to £1.7m. Earnings per share are stated at 9.6p against 4.9p, and the interim dividend has been boosted from 0.71p net per 35p share to 0.77p. Last year a 2.25p/35p final was paid, and directors expected to lift 11.5p to the maximum permitted amount this year.

An unaudited balance sheet shows a decline in net current assets from £1.52m to £1.69m, in

Mercury Securities declines

MAINLY DUE to lower profitability of its metal subsidiaries, group profit at Mercury Securities in the six months to the end of September 1977, was down on the level achieved in the previous half, the directors state.

For the whole of 1976-77 profit after tax was a record £11.71m, including £7.98m, by merchant bankers S. G. Warburg and Co. and £3.9m, by the metal trading and refining companies.

Inchcape back with higher terms

By Keith Lewis

It has taken less than twenty four hours for Inchcape to hit back with an increased offer worth £14.8m, for Crane Fruehauf in relation to the latest bid from Fruehauf Corporation of the U.S. Crane shareholders faced with the sixth bid within a year—four from Fruehauf and now a second from Inchcape—are being offered

Reasonable profits for J & J Makin

DESPITE some branches still experiencing very competitive conditions, overall profits of J. and J. Makin Paper Mills for the first-half of the current year should be reasonable, Mr. J. R. M. Pillin, chairman, says in his statement with accounts.

Mr. Pillin says he expects to be well in excess of the £134,453 reported last year but below the £233,920 achieved in the second half of the year to March 31.

Mr. Pillin says the second half of the current year has also started satisfactorily. Paper prices have recently been reduced and this could be helpful to its paper-making activities, as long as paper prices do not come under similar pressure.

Meetings, Rochdale, December 12 at 2.30 p.m.

The 'National' isn't the only new South Bank theatre that owed its opening night to Crown House.



London's new St. Thomas's Hospital couldn't operate without its mechanical services, installed by Crown House Engineering.

They include the boiler plant, air conditioning, refrigeration and the many specialist services a great modern hospital needs to perform efficiently.

Other outstanding developments include Edinburgh's Heriot Watt University, the Brent Cross Shopping Centre and the Nat West Tower in the City.

CHE are winning similar contracts not only in Britain, but in the Middle East, Africa and Australia.

We're big in other ways. Our subsidiary, Demag Glass, is Britain's biggest supplier of table glassware including the well known names, "Thos. Webb" and "Edinburgh Crystal".

If you want to learn more of what we do contact our Chairman, Patrick Edge-Partington at 2 Lygon Place, London SW1W 0JT. Telephone 01-730 9287.

Crown House
You may not see us, but we're there.

BEECHAM GROUP LIMITED

Interim Statement of Trading Results 1977/78

The Directors of Beecham Group Limited announce unaudited trading results for the half year ended 30th September 1977.

Trading results	Half year ended 30th September 1977	Year ended 31st March 1977	Year ended 31st March 1976
Group sales	£119.0	£119.0	£119.0
Group trading profit	74.7	62.8	132.6
Interest	4.1	3.4	5.8
Group profit before taxation	70.6	59.4	128.8
Taxation	32.0	28.6	56.6
Group profit after taxation	38.6	32.8	70.2
Minority interests	0.9	0.6	1.3
Group profit available for dividends and retentions	37.7	32.2	68.9
Earnings per ordinary share	25.84p	22.34p	47.80

Interim dividend.

The Directors have today declared an interim dividend of 8.58p per ordinary share totalling £12.5m (interim dividend 1976/77 2.87p per ordinary share totalling £4.2m). Interim dividend for 1977/78 together with its imputed tax credit amounts to 13.0p and will be paid on 1st February 1978 to all members on the register at the close of business on 12th December 1977 except in respect of ordinary shares allotted to holders of Beecham International Holdings S.A. 5% Guaranteed Convertible Debentures tendered for conversion after 16th November 1977.

Acquisition.

The trading results for the half year ended 30th September 1977 include, for the first time, the results of the Celgon Consumer Products business in the U.S.A. and Canada acquired 29th April 1977.

17th November 1977

C Sh...
£11m

Beecham expands to £70.6m. at six months

FOR the first time, the recently acquired Beecham Products business and earnings per share are a U.S. and Canada tax credit of £1.75p against 1.5p. The tax credit is up from 0.5p for the six months to 30.1977. For all the year, a record £126.5m. is recorded.

also for the half year £86.6m. to £119m. and of £32m. (£26.5m.) net ahead from £22.8m.

per 25p share are 25.54p (£2.34p) and as interim dividend is 2.57p to £2.50p net. £12.5m. (£4.2m.) for payments totalling £14.38p an increase of some 20% at the year end. For the next year, was forecast as of the August accounts.

Year 1976-77 1977-78 1977-78

Revenue	111.5	126.5
Operating Profit	11.5	12.5
Net Profit	11.5	12.5
Dividend	2.57	2.50
EPS	11.5	12.5

Portsmouth Sunderland headway

TURNOVER AHEAD from £49.8m. to £50.6m. and pre-tax profits up from £244,000 to £273,000 are the reasons for Portsmouth and Sunderland's headway in the six months to October 1, 1977, and the directors state that trading results of the new season contribute to profits. The surplus for the last full year was £1.58m.

After tax for the first half of 1977, £250,000, against £230,000 in the corresponding period of the last year, was forecast as of the August accounts.

Year 1976-77 1977-78

Revenue	49.8	50.6
Operating Profit	244	273
Net Profit	244	273
Dividend	2.57	2.50
EPS	11.5	12.5

Alida better so far

IMPROVED pre-tax profit of £37,226, against £270,302, is shown by Heaton-based Alida Packaging Group for the six months to September 30, 1977.

Because of the change in the basis of providing for deferred tax adopted at the end of 1976/77 the directors believe it would be misleading to provide for Corporation Tax in the current half year. At the full rate it would have amounted to £175,357 (£140,557).

Sales in the period, during which the group usually experiences its lowest level of activity, climbed £9.9m. to £4.6m. However, the improved trading conditions, normally associated with the second half have been affected by the relatively low level of consumer spending, the directors state.

The net interim dividend is raised to 2.2p (2p) per 10p share absorbing £70,262. Last year a total of £5,658p was paid from profits of £9,641m.

The company is continuing to develop new product lines and to penetrate new markets. These developments, coupled with an anticipated increase in consumer spending, cause the directors to believe that the group will achieve improved trading results in 1978.

In the first half, about £390,000 was spent on new plant. The company continues to seek to broaden its base of operations and various opportunities are currently being investigated, the directors add.

Northern American advances

PRE-TAX REVENUE of the Northern American Trust advanced from £1.28m. to £1.49m. for the year to November 1, 1977. After corporation tax of £24,810 (£48,000) and imputation tax £456,809 (£427,914), net revenue improved from £806,835 to £945,388.

Earnings per 25p share are given as 2.50p against 2.47p and the dividend total is lifted to 2.55p (2.45p) net, with a 1.55p final.

Net asset value is shown as £122.9p (94.5p) per share.

Hunt & Moscrop well placed

As the U.K. economy slowly moves out of a recession, Mr. Edward W. Hunt, the chairman of Hunt and Moscrop (Middlesex), feels the company is better equipped than at any time in its history to take advantage of any genuine upturn in demand from the capital goods industry.

The company has, during the last two years, increased substantially and modernised its production facilities and the directors believe that the continuation of this pattern of investment, will help maintain the company's competitive position in the market.

Mr. Hunt says that exports are now featuring more prominently in the output and encouraging results have emerged from export sales efforts in new overseas markets.

As reported on October 6, 1977.

R. Dutch/Shell up to £1bn.

NET INCOME of the Royal Dutch/Shell Group of Companies showed an advance from £176m. to £229m. in the third quarter of 1977. The directors point out however that the figures were substantially distorted by currency translation effects and before these items and minorities the net income balance is shown to be down from £897m. to £564m.

The net incomes for the nine months emerges £232m. higher at £1.05bn. or £1.49m. ahead at £1.27bn. before currency distortions and minorities.

The directors report that Shell Oil Company of the U.S. and Shell Canada showed marginal improvements in dollar earnings for the third quarter compared with the third quarter of 1976. Shell Oil attributed the earnings gain to better oil products results while for Shell Canada the improvement was due to higher natural gas sales volumes and revenues.

Excluding Shell Oil and Shell Canada, sales volumes of oil and gas in the third quarter were about the same as a year ago. In the prevailing conditions of low economic growth, easy crude oil tanker and surplus refining and supply capacity, the directors say it was impossible to recover increased costs in some important markets. While this depressed the third quarter results, oil and gas earnings for the nine months showed an improvement over the same period of 1976.

For the chemicals business outside North America, they say that

See Lex

Third quarter 1977	Third quarter 1976	Nine months 1977	Nine months 1976	
Revenue	7,953	6,215	21,778	17,851
Sales proceeds	1,503	1,292	4,287	3,484
Sales taxes, duties, etc.	8,32	3,07	16,389	14,367
Other revenues	141	136	433	357
Share of associates	37	61	179	165
Making	5,831	5,276	17,995	14,722
Costs and expenses:				
Depreciation and amortisation	4,629	3,424	12,317	9,444
Selling, expenses, etc.	146	119	418	328
Exploration, etc.	157	125	449	375
Interest expense	74	45	251	178
Taxation	29	41	132	114
Making	5,202	3,828	16,542	14,021
Profit	329	176	1,453	731
Minority interests	21	23	120	148
Profit	308	153	1,333	583
Operating Profit	29	6	123	47
Manufacturing	49	52	132	167
Chemicals manufacturing	61	110	478	348
Markets	13	46	14	6
Metals	1	2	14	6
Other	54	49	1,647	1,207
Total	241	179	699	483
Europe	63	28	147	93
Africa	15	18	62	50
U.S.	46	94	182	118
Canada	11	12	62	48
Rest of western hemisphere	6	32	28	27
Tankers	55	40	1,617	1,207
Total	201	124	1,617	1,207

CRUDE OIL SUPPLY

Region	1977	1976
Europe	195	181
Africa	34	27
U.S.	1,910	1,871
Canada	119	119
Rest of western hemisphere	332	313
Total	2,660	2,501

CRUDE OIL PROCESSED

Region	1977	1976
Europe	1,272	1,279
Africa	25	25
U.S.	1,832	1,903
Canada	103	103
Rest of western hemisphere	479	411
Total	3,691	3,721

NATURAL GAS SALES

Region	1977	1976
Europe	2,614	2,324
Africa	17	17
U.S.	1,272	1,272
Canada	354	354
Rest of western hemisphere	14	14
Total	4,271	4,271

THE BRITISH AND COMMONWEALTH SHIPPING COMPANY LIMITED INTERIM STATEMENT

The Board has declared an interim dividend of 4.25p per Ordinary Stock Unit of 50p in respect of the year ending 31st December, 1977 (1976/4p).

The increase in the interim dividend utilises 0.25 pence out of a total increase permitted under present legislation for the Company's year 1977 of 0.90313 pence per Ordinary Stock Unit. The dividend will be payable on 10th January, 1978 to stockholders registered as at the close of business on 9th December, 1977.

A statement, with explanatory notes is given below showing the estimated Group profit for the six months to 30th June, 1977, with comparative figures for the corresponding period of the previous year and the actual figures for the year 1976.

UNAUDITED GROUP PROFITS FOR THE SIX MONTHS ENDED 30TH JUNE, 1977

	6 months to 30th June 1977	6 months to 30th June 1976	Actual Year to 31st Dec. 1976
GROSS REVENUE	117,300	102,000	218,100
PROFIT FROM SHIPPING, AVIATION AND OTHER ACTIVITIES	17,395	15,107	30,382
PROFIT ON SALE OF SHIPS	—	1,832	3,392
DEPRECIATION	17,395	16,939	33,774
INTEREST PAID in respect of trading assets	7,061	6,822	13,458
	1,467	1,302	2,514
	8,528	8,124	15,972
OPERATING PROFIT	8,867	8,815	17,802
OTHER INCOME			
Portfolio investments	1,499	1,156	2,348
Associated companies	436	130	1,663
Other investments	334	199	2,456
Interest received	2,590	1,680	4,517
LESS: Other interest paid	4,859	3,165	10,984
	1,832	1,561	3,602
	3,027	1,604	7,382
	11,894	10,419	25,184
TAXATION			
Tax credits on U.K. dividends received	393	312	810
Other taxation	5,648	5,145	12,295
	6,041	5,457	13,105
MINORITY INTERESTS	5,853	4,962	12,079
	1,087	846	1,825
PROFIT BEFORE EXTRAORDINARY ITEMS	4,766	4,116	10,254
EXTRAORDINARY ITEMS	—	—	(2,145)
ATTRIBUTABLE TO MEMBERS OF THE BRITISH & COMMONWEALTH SHIPPING COMPANY LIMITED	4,766	4,116	8,109
EARNINGS PER ORDINARY STOCK UNIT OF 50p	14.7p	12.7p	31.6p

NOTE: Earnings per Ordinary Stock Unit are calculated on the profit after taxation (before extraordinary items) attributable to stockholders.

OPERATING PROFIT

	6 months to 30th June 1977	6 months to 30th June 1976
Shipping	4,000	4,000
Air Transport	3,318	3,860
Aviation Support Services	3,199	2,616
Leisure Industry (See Note)	935	355
Office Equipment	36	(892)
Other Activities	707	377
	1,327	—
	9,522	7,628
Profit on Sale of Ships	1,832	1,832
Realised Currency Loan Losses	(655)	(645)
	(655)	1,187
	8,867	8,815

NOTE: Owing to the seasonal nature of the business of hotel operating the results for the half year to June will not be maintained in the second half of the year.

2. TAXATION
The charge for taxation for the six months ended 30th June, 1977 gives an effective rate of 53.09%. The charge for the six months ended 30th June, 1976 has been adjusted to correspond with the effective rate of 54.02% on the profits for the year 1976.

3. ASSOCIATED COMPANIES
In accordance with previous practice, attributable profits of associated companies have been included in the estimated results for the respective half-years and actual results for the year to 31st December, 1976 to the extent only of dividends received or declared within the appropriate periods.

The advent of containerisation of the South African trade and the consequent increase in the shareholding in Overseas Containers Ltd. effective from 1st September, 1977 means that from that date the profits of a major part of the shipping activity will be represented by an increased share of profits arising within Overseas Containers Ltd.

Having regard to this fundamental change, it has been decided to amend the previous basis of accounting for the results of associated companies and to include in the Profit & Loss Account for the year ending 31st December, 1977 the attributable profits of the principal associated companies of the Group, South African Marine Corporation Ltd. is not regarded by the Directors as an associated company.

4. FORECAST FOR THE YEAR
Present indications are that the profit for the year (including the attributable results of the principal associated companies) after taxation and deduction for minority interests but before any extraordinary items will show a satisfactory increase as compared with the profit of £9,360,000 achieved in 1976.

17th November, 1977

ckledge ips at lterm

A jump in taxable income from £128,920 to £206,240 (15-year to September 30, 1977) is reported by the company. The full time result over 12 months is £400,697 attained in 1977.

For the year, which is in structural and engineering and steel work, was ahead at £2.63m.

Interim dividend is 2.50p (2.45p) per 25p share. The dividend total is £12,110 (£11,875), a final was 2.5837p.

The first half took £65,500 leaving a net £206,240 (£206,240) of £90,192 (£85,107) was

Hunt & Moscrop well placed

As the U.K. economy slowly moves out of a recession, Mr. Edward W. Hunt, the chairman of Hunt and Moscrop (Middlesex), feels the company is better equipped than at any time in its history to take advantage of any genuine upturn in demand from the capital goods industry.

The company has, during the last two years, increased substantially and modernised its production facilities and the directors believe that the continuation of this pattern of investment, will help maintain the company's competitive position in the market.

Mr. Hunt says that exports are now featuring more prominently in the output and encouraging results have emerged from export sales efforts in new overseas markets.

As reported on October 6, 1977.

ISSUE NEWS

AMC BONDS
The Agricultural Mortgage Corporation has issued £30m. Variable Rate Bonds 1982 at £100 per cent. Interest will be payable half-yearly on May 15 and November 19.

TAP STOCK
Application lists for the £600m. issue of 10 per cent. Treasury Stock, 1982 closed yesterday with all applications from the public allotted in full.

Hill Samuel Group

Interim Statement

The profits of Hill Samuel Group Limited for the six months to 30th September 1977, before taking account of change differences and extraordinary items, are similar those of the corresponding period of last year.

The Board has declared an interim dividend for the year ending 31st March 1978 of 1.675 net pence per share (1.5p net) payable on 3rd January 1978 to shareholders whose names appear in the register of members on 18th November 1977. (For the year to 31st March 1977 there was a final dividend of 2.7655p net, making for the year as a whole 4.2655p net.)

Supara improves to £189,774

For the year to March 31, 1977, Indonesian tax liabilities may have to be paid.

Supara Investments reports an advance in profits from £50,885 to £189,774 and after tax of £53,020 against £15,205, earnings per 10p share are shown to have risen from 1.25p to 4.68p.

At the request of Warren Plantation Holdings who became holders of approximately 96 per cent of the company's share capital in October, 1977, no dividend is being recommended in respect of the year.

Group profits include proposed remittances of profit from the Indonesian subsidiaries of £17,665 and £7,488 respectively and profit on sales of investments (before corporation tax) of £128,650 and £12,294 respectively.

Apart from remittances of profit no account has been taken of the results of the Indonesian subsidiaries. These attributable to group after Indonesian tax but before deducting replanting expenditure added to the cost of the estates were £165,650 (£150,208). However additional

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First half expansion by Witan

AFTER INTEREST and expenses of £1.14m. against £1.12m., taxable profit of Witan Investment Company expanded from £1.28m. to £1.49m. in the six months to October 31, 1977.

Earnings per 25p share are given at 1.14p (0.93p) and the net interim dividend is lifted from 0.8p to 1p net. The directors say they anticipate at least maintaining the final payment, which last year was 1.1p, paid from profits of £2.6m.

Tax for the first half took £514,813 (£489,432) leaving the net balance ahead from £750,612 to £977,821.

The net asset value per share at October 31 was 112.3p (87.8p), with Loans and Debenture stocks at £24.1m. and £17.7p (95.1p) with these stocks at market value.

CALEDONIA INVESTMENTS LIMITED

The Board has declared an interim ordinary dividend of 3.75p per stock unit in respect of the year ending 31st March, 1978 (1977-3.538p).

The increase in the interim dividend utilises 0.212p out of a total increase permitted under present legislation for the current year of 0.8208p per ordinary stock unit.

The dividend will be payable on 11th January, 1978, to stockholders registered at the close of business on 9th December, 1977.

A statement is given below showing the estimated group profit for the six months to 30th September 1977, with comparative figures for the corresponding period of the previous year and the actual figures for the year to 31st March, 1977.

Present indications are that the profit of the Group attributable to ordinary stockholders, assuming no worsening of conditions in relation to trading subsidiaries, will show an improvement of some 10 per cent, when compared with the previous year.

UNAUDITED GROUP PROFIT STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 1977

	Six months to 30th Sept 1977	Six months to 30th Sept 1976	Year to 31st March 1977
GROUP TURNOVER	30,977	30,976	31,377
	£'000	£'000	£'000
	2,952	2,807	5,541
GROUP PROFIT			
Franked Income	1,239	1,182	2,438
Unfranked dividends and interest receivable	155	176	344
Trading Profit	353	321	624
Less: Depreciation	42	43	79
	311	278	545
Interest payable	95	102	192
Head Office Administration Expenses	30	32	64
	125	134	256
PROFIT BEFORE TAXATION	1,580	1,502	3,071
Taxation:			
Imputed tax credits	422	414	853
Other taxation	172	174	489
	594	588	1,342
Profit after taxation	986	914	1,729
Minority Interests	46	37	79
Extraordinary items	940	877	1,650
	—	—	(10)
Preference Dividends	940	877	1,640
	26	26	52
PROFIT AVAILABLE FOR ORDINARY DIVIDENDS	914	851	1,588
Earnings per Stock Unit of 25p 17th November, 1977	5.19p	4.84p	9.08p

ONEY MARKET

moderate assistance

England Minimum Rate 5 per cent. October 14, 1977.

These outwaged an excess of Government disbursements over revenue payments to the Exchequer, a slight fall in the note circulation, and further small help from the redemption of 3 per cent Treasury 1977.

Discount houses paid 4.41 per cent for secured call loans in the morning, and closing balances were found at 3.3 per cent, suggesting the amount of assistance given by the authorities was probably too much, and banks will carry over surplus balances.

In the interbank market overnight loans opened at 4.41 per cent and rose to 4.41-4.41 before falling to 1.11 per cent in the afternoon, and closing at around 1.11 per cent.

Rates in the table below are nominal in some cases.

Sterling (Certificate of deposits)	Interbank	Local Authority deposits	Local Authority negotiable deposits	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills	Single bank bills	Prime Trade Bills
—	1-4 1/4	4 1/4	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2
4 1/4-4 1/4	4 1/4-4 1/4	4 1/4	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2
4 1/4-4 1/4	4 1/4-4 1/4	4 1/4	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2
4 1/4-4 1/4	4 1/4-4 1/4	4 1/4	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2
4 1/4-4 1/4	4 1/4-4 1/4	4 1/4	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2
4 1/4-4 1/4	4 1/4-4 1/4	4 1/4	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2
4 1/4-4 1/4	4 1/4-4 1/4	4 1/4	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2
4 1/4-4 1/4	4 1/4-4 1/4	4 1/4	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	4 1/4	4 1/4-4 1/2	5 1/2-5 1/2

AMBER INDUSTRIAL HOLDINGS LIMITED

UNAUDITED GROUP PROFIT STATEMENT FOR THE 6 MONTHS ENDED 30th SEPTEMBER, 1977

	6 months to 30th Sept 1977	6 months to 30th Sept 1976	Actual year to 31st Dec 1976
Turnover	£1,520,000	£1,229,000	£2,457,000
Trading Profit	185,000	130,000	336,000
Interest Paid	2,000	4,000	8,000
Profit before Taxation</			

Investment Trust Review

Published by The Association of Investment Trust Companies

The opinions expressed by contributors to this Review are their own and should not be assumed necessarily to reflect those of the Association

Light at the end of the tunnel?

By G. F. B. Grant

Director, Witan Investment Company Limited
Formerly Chairman of The Association of Investment Trust Companies

Investment companies have a problem. No-one will pay them any regard as an adviser if they wish to sell shares. To a degree this applies to many other sorts of investments—the gap between actual value and actual value is often very wide. But, in the case of investment trusts, a desire to keep up the Jones's has led them to publish a monthly which is called "Value".

Through this figure is not a yardstick against a measure market price, therefore, very under the sharehold-ers are worried because investment has not risen in line with the value of the under-sets. Likewise, manage-ment should be worried in spite of all their efforts, they are not satisfied to their own's very large amount of some £6,000m., is it is natural that could be much comment situation and much as to how to cure the a. Apart from the poss-

bility of outside intervention in the form of a big for-individual investment trusts, there are two main courses of action open to management—liquida-tion or unification. Both are tantamount to curing the patient's toothache by cutting off his head.

Before accepting a solution quite so finite, it must surely be wise to explore other possi-bilities, and the purpose of this article is to consider whether the disease can possibly be cured through the operation of the normal economic and market forces, or whether this is mere wish-ful thinking.

Advantage of Spread

First, a little historical background. Prior to 1939 the advantages which were claimed for investment trust companies centred heavily on the spread of risk, both geographical and industrial. Although most com-panies had some preference capital and in some cases a modest amount of debt, it was unusual for more than 30 per cent of the portfolio to be invested in equities; in the case of the group for which I worked, the equity percentage was then nearer 30 per cent. There was, therefore, little real element of bearing in the majority of cases.

After the war the area of undervaluation of equity shares both in the U.K. and overseas was very great and money was very cheap. A big brewery issued a long-dated debenture at 3½ per cent, and Mr. Dalton managed to persuade investors that 2½ per cent in perpetuity was all they should expect from H.M.C. At the same time the tax laws through the operation of Double Taxation Relief, were very favourable to U.K. investors overseas and it was possible to borrow money at rates which enabled invest-ment in equities, either in the U.K. or overseas, to show a good margin over interest re-quirements. Gearing really worked, and the shares of investment trust companies enjoyed a well-deserved popu-larity with both private and institutional investors. In these circumstances a market price which represented a premium over asset value was not uncommon.

Meanwhile the whole style of management underwent con-siderable change. It was an era of specialisation which inevitably caused some loss of flexibility. The old style of manager may have lacked some of the technical skills of his modern counterpart, but the whole nature of his training made him perhaps

quicker to "smell" change and take appropriate action.

Sadly the halcyon days did not last forever. The U.K. balance of payments was a continual source of worry, currency crises became every-day events and the conditions which had been so favourable to the prosperity of the invest-ment trust companies changed in many respects. D.T.R. was abolished, Exchange controls and the introduction of premium currency, which alone could be used for por-tfolio investment overseas, made investment abroad much less easy. In addition the rule which required 25 per cent of the proceeds of any foreign currency sale to be surren-dered to the Bank of Eng-land at the official rate of exchange instead of being sold in the premium market amounted effectively to a tax on sales of overseas invest-ments which inhibited opti-mum management of such assets.

Currency Borrowings

The rules had indeed changed and portfolio managers had to try to adapt their policies to conform. One obvious way round the "sales tax" mentioned in the preceding paragraph was to borrow foreign currency, and the authorities were by no means averse to such a course of action. Moreover, it was possible for a period to borrow Swiss Francs at much lower rates of interest than those pertaining in other countries. Not a few managers fell into this trap and borrowed Swiss Francs in order to invest in America. At the time when these low rates of interest were available the exchange rate was about Sw.Frs.10 to the £. Four years later the rate was approaching 4 to the £. No more need be said.

Those companies who kept their money at home did not fare much better, for between May 1972 and January 1975

the FT Index fell from 543 to 147. Nor could a haven be found in fixed-interest securities with rates of inflation and interest increasing day by day.

It was therefore under-standable that some loss of confidence should have ensued among portfolio managers, more particularly those whose experience was limited to the golden sixties. The questions that now need to be considered are—

1—Have the difficulties of the first half of the present decade so damaged the fabric and the morale of the invest-ment trust companies that they will never again offer the service to investors which had for a century made them highly sought after investments?

2—Are the investors there who need the service?

3—Is it correct to say that investment trust companies no longer fulfil a social purpose, or that they cannot be shown actively to be channel-ing new savings into industry in the same way as a pension fund or life insurance com-pany?

The answer to question one will emerge as the investment performance of the various groups is studied by the profes-sionals. At the moment it can be said that the evidence so far certainly does not sup-port such a gloomy propo-sition.

Question two demands a more subjective judgment. It is my belief that the potential individual investor has not disappeared. However, such potential investors will in future be drawn from wider strata and they will therefore necessarily have less experi-ence of the investment scene and will perhaps be slower on this account to appreciate the potential merits of the closed-end funds. These will have to be demonstrated by showing that such funds can provide

steady growth of both income and capital.

Question three is the most difficult of all. If the sole definition of a social purpose of a savings medium were as stated in the question, then I think that the accusation would be difficult to refute but such a narrow definition would ignore the fact that the invest-ment trust companies form part of the mechanism of underwriting new issues. I think that many issuing houses would support the view that because managements in investment trusts tend to operate under less organiza-tional constraints than their opposite numbers in pension and life funds, they are some-times able to take a broader view in times of stress. More-over the collective muscle of The Association of Investment Trust Companies is considerable and on many occasions valuable but unobtrusive help has been given to industrial or commercial companies which were in trouble.

While the current discounts persist it is right that there should be questioning from shareholders and from the financial Press, and many will doubtless conclude that "some-thing must be done".

A Happier Future

Nothing is to be gained by trying to gloss over mistakes. Criticism, even where it is grossly unfair, often produces a better long-term relation-ship between critic and victim. During the war it fell to my lot to accompany my Brigade Commander when he went to inspect the gunners attached to our Brigade. Knowing that there was little love lost between Brigadier and Colonel, I expected fireworks. But all went perfectly and when we adjourned to the mess I thought a miracle had happened—my Brigadier had not succeeded in finding fault with anything. I was wrong. Addressing the Colonel in

from institutional investors seeking a cheap way into the equity market. What I have tried to suggest is that even if managements do no more than exercise the investment expertise which they undoubtably still possess and even though no sutor appears, it is probable that existing shareholders in investment trust companies may have a happier future in front of them, and newcomers may even have cause for rejoicing.

Around the Market

by Patrick Wiener
Capel-Cure Myers

It has been an uneventful month for trusts. As feared, the sector has made no further progress in relative terms, despite being very much at the bottom of the historic range: a slight widening of discounts is a reflection of higher overseas assets—despite the minor revaluation of sterling—rather than under-performance. Clearly, the market is anxious about the outcome of the offers for British Investment Trust and Edinburgh and Dundee: were both of these to fail, a deterioration in the sector would follow.

Apart from this, the trend of foreign investments is likely to be critical. As we mentioned last month, the actual level of these holdings has been sharply eroded by the movement in markets, with North America now accounting for little more than 20 per cent of trusts' total assets. From this low base, many

trusts will not find it easy to show real performance when and if Wall Street fulfils expectations. Thus, it would be logical to assume that managers would be looking to increase their exposure to overseas markets by exporting part of their U.K. portfolio, but in practice such movement of funds is likely to be on a very small scale, inhibited by the premium on investment currency and a reluctance to borrow on terms which invariably damage the flow of income.

Despite uncertainties as to its future, the premium has been very firm: always a sound leading indicator for the pound, this tendency may be sounding a warning note for sterling in the middle of next year. One thing seems certain: relaxation of controls on overseas portfolio investment is low on the list of this Govern-ment's priorities.

A free booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House (6th Floor), 16, Finsbury Circus, London EC2M 7JL.

Asset Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Company (1)	Shares or Stock (2)	Date of Valuation (3)	Annual Dividend (4)	Net Asset Value after deducting prior charges (5)	Investment Premium (see note 1) (6)	Total Assets less current liabilities (Million) (7)	Company (8)	Shares or Stock (9)	Date of Valuation (10)	Annual Dividend (11)	Net Asset Value after deducting prior charges (12)	Investment Premium (see note 1) (13)	Total Assets less current liabilities (Million) (14)
Pence except where £ stated (see note d)													
VALUATION MONTHLY	Ordinary 25p	31/10/77	4.33	277.4	25.8	24.5	Henderson Administration Ltd.	Ord. & B Ord. 25p	31/10/77	11.9	112.3	11.7	11.7
Alliance Trust	Ord. & B Ord. 25p	31/10/77	4.0	181.9	18.7	18.5	Witan Investment	Ordinary 25p	31/10/77	1.3	81.2	8.7	8.7
Capital & National Trust	Ordinary 25p	31/10/77	3.2	104.1	10.4	1.0	Electric & General Investment	Ordinary 25p	31/10/77	1.2	114.0	11.4	8.4
Claverhouse Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenford Investment	Ordinary 25p	31/10/77	2.1	96.2	66.2	1.5
Crosshairs Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Lowland Investment	Ordinary 25p	31/10/77	1.8	114.0	11.4	8.4
Dunfermline Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	English National Investment Co.	Ord. & B Ord. 25p	31/10/77	1.8	114.0	11.4	8.4
Edinburgh Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Do.	Ord. & B Ord. 25p	31/10/77	1.8	114.0	11.4	8.4
First Scottish American Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Do.	Ord. & B Ord. 25p	31/10/77	1.8	114.0	11.4	8.4
Great Northern Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Philip Hill Management Ltd.	Ordinary 25p	31/10/77	4.07	126.1	120.9	7.2
Guardian Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	City & International Trust	Ordinary 25p	31/10/77	4.25	127.1	121.7	8.7
Investment Trust Corporation	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	General Com. Investment Trust	Ordinary 25p	31/10/77	3.1	206.4	198.1	6.2
Investor Capital Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Philip Hill Investment Trust	Ordinary 25p	31/10/77	6.8	206.4	200.8	6.1
Jardine Japan Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Sturgeon Investment Co.	Ordinary 25p	31/10/77	3.055	284.3	194.4	1.0
London & Holyrood Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Ninety-Two Eight Inv. Trust	Ordinary 25p	31/10/77	7.5	284.0	274.4	21.2
London & Montrose Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Ivory & Sime Ltd.	Ordinary 25p	31/10/77	0.4	120.7	124.5	16.0
London & Provincial Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Atlantic Assets Trust	Ordinary 25p	31/10/77	3.0	115.1	115.7	8.7
Merrill Lynch Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Edinburgh American Assets Trust	Ordinary 25p	31/10/77	0.8	115.1	121.2	20.3
Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Viking Resources Trust	Ordinary 25p	31/10/77	0.8	128.2	122.2	10.7
Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Keyser Uthmann Ltd.	Ordinary 25p	31/10/77	4.0	128.2	122.2	10.7
Northern American Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Throgmorton Secured Growth Trst.	£1 Capital Loan Stock	31/10/77	—	—	185.9	—
Save & Prosper Linked Invest. Trust	Capital Shares	31/10/77	—	371.5	371.5	—	Throgmorton Trust	Ordinary 25p	31/10/77	4.0	84.3	88.1	—
Scottish Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	British American & General Trust	Ordinary 25p	31/10/77	1.5	32.8	38.8	2.1
Scottish United Investors	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Charter Investment Trust	Ordinary 25p	31/10/77	3.25	129.1	131.7	—
Second Alliance Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Bruner Trust & Agency	Ordinary 25p	31/10/77	1.9	72.8	74.8	3.8
Shires Investment Co.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	English & New York Trust	Ordinary 25p	31/10/77	2.5	97.6	99.3	7.4
Stirling Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	General Investment Trust	Ordinary 25p	31/10/77	3.65	92.7	92.7	—
Technology Investment Trust	Ord. & B Ord. 25p	31/10/77	3.3	106.7	10.7	6.2	Jos Holdings	Ordinary 25p	31/10/77	0.204	0.297	0.297	0.7
United British Securities	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	London Prudential Invest. Trust	Ordinary 25p	31/10/77	2.0	90.5	93.9	8.3
United States & General	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Do.	Ordinary 25p	31/10/77	2.0	90.5	93.9	8.3
United States Debenture Corporation	Ord. Stock 25p	31/10/77	3.3	106.7	10.7	6.2	Lazard Bros. & Co. Ltd.	Ord. Stock 25p	31/10/77	3.35	100.2	106.2	15.3
Do.	Conv. Loan 1983	31/10/77	3.3	106.7	10.7	6.2	Assourin Investment Trust	Ord. Stock 25p	31/10/77	2.35	115.3	115.3	10.4
Baillie Gifford & Co.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Do.	Ord. Stock 25p	31/10/77	2.35	115.3	115.3	10.4
Scottish Mortgage & Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Canadian & Foreign Invest. Trust	Ordinary 25p	31/10/77	3.35	142.0	145.8	14.4
Edinburgh & Dundee Investment	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	St. Andrew Trust	Ordinary 25p	31/10/77	3.05	151.1	153.9	12.4
Monks Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Scottish Eastern Investment Trust	Ordinary 25p	31/10/77	3.75	161.8	167.6	18.1
Winterbottom Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Scottish Ontario Investment Co.	Ordinary 25p	31/10/77	4.0	139.0	161.6	19.2
Baring Bros. & Co. Ltd.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Securities Trust of Scotland	Ordinary 25p	31/10/77	5.85	221.7	240.0	24.3
Cutwick Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Western Canada Investment Co.	Ordinary 25p	31/10/77	16.0	691.1	707.3	70.1
Tribune Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Murray Johnstone Ltd.	Ord. & B Ord. 25p	31/10/77	11.6	0.340	0.976	11.9
East of Scotland Invest. Managers	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Caledonian Trust	Ord. & B Ord. 25p	31/10/77	11.6	90.2	93.0	11.6
Aberdeen Trust	Ord. Stock 25p	31/10/77	3.3	106.7	10.7	6.2	Glenasdale Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Edinburgh Fund Managers Ltd.	Ord. & B Ord. 25p	31/10/77	3.3	106.7	10.7	6.2	Glasgow Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
American Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Clarendon Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Electra House Group	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Electra Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Globe Investment Trust	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
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Do.	Ordinary 25p	31/10/77	3.3	106.7	10.7	6.2	Greenway Investment Trust	Ord. & B Ord. 25p	31/10/77	11.6	114.4	114.4	15.2
Do.	Ordinary 25p	31/10/7											

MINING NEWS

Messina feels the pinch

South African and Rhodesian... Messina (Trompsburg) has had a heavy fall in profits in the 10 months to September 30...

SHELL'S CANADA METAL SEARCH

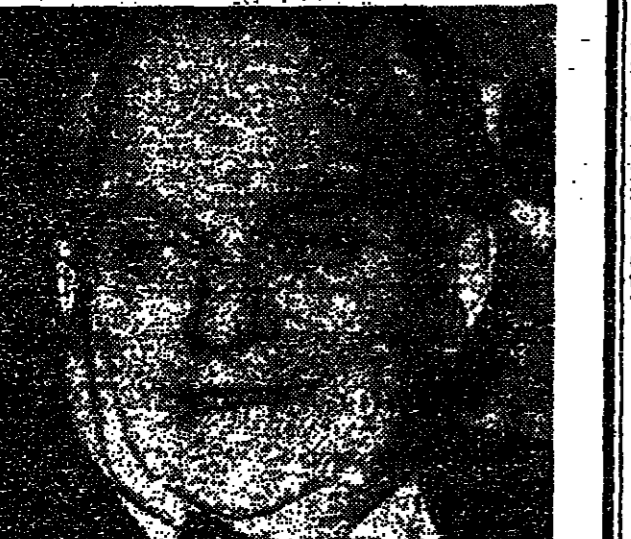
Shell Canada Resources, a unit of Shell Canada, said the initial phase of its minerals exploration programme near Stornoway, Nova Scotia, showed "encouraging results"...

max cautious short term

Mr. Gousseland did not see any immediate hope of any deal group will greatly depend on whether U.S. coal miners will strike in the event that negotiations fail...

io Tinto Finance stops highland exploration

Exploration is to be between 1985 and 1978. The Scottish Highlands Council had hoped that mineral rights in Rio Tinto Finance would be worked up...



I believe in initiative—old people need your's and mine

Lord Boothby: "Britain has often led the world with new ideas, and new ways of tackling problems. Few people have a worse problem than our old folk..."

BIDS AND DEALS

Leisure & General chief says Ladbroke offer is 'cheeky'

BY JAMES BARTHOLOMEW

Mr. John Chapple, chairman of Leisure and General, yesterday described Ladbroke Group's £82m bid for his company as "cheeky"...

from causes and bookmaking. The City does not generally describe such earnings as favourable...

PAULS & WHITES ACQUISITION

Pauls and Whites, the animal feedstuff and flavourings group, which made profits of £2.2m last year, has just announced a £1m cash purchase in Germany...

NEWMAN/DOVER

Newman Industries has received acceptance of its offer for the capital of Dover Engineering in respect of 2,273,097 Ordinary and 88,049 Preference shares...

Bid for Norwest Holst below market price

Mr. R. Slater and Mr. A. J. Lilley, two executive directors of Norwest and civil engineers, yesterday announced they had purchased 2,141,350 Norwest shares (22.81 per cent of the equity) for £15m...

Utd. Scientific forecasts £2.7m.

United Scientific, which is this year will probably hold at about to purchase the U.S. group Optic Electronic, yesterday announced estimates for the year ending 30 September of £2.7m, and a final dividend of 1.3625p...

HOME CONTRACTS

Alfa-Laval wins £5m. brewing plant work

ALFA-LAVAL COMPANY, Brentford, Middlesex, has received three orders totalling nearly £5m for process engineering work on the new Courage Brewery now under construction at Reading, Berks...

Gilmour urges fair deal for Services over pay

SIR IAN GILMOUR, Shadow defence spokesman, warned yesterday of the grave consequences if Britain's servicemen were given "another Irishman's rise"...

Martonair RECORD RESULTS

Mr. George Godwin reports: * As anticipated at the time of the interim statement, sales have continued during the year at a high level...

LONDON & PROVINCIAL SHOP CENTRES

Results for year ended 24th June, 1977: Profits have increased by 34% to £437,000 derived solely from rental income...

Table with 2 columns: 1977, 1976. Rows include Rental income, Profits before tax, Properties, Net assets per share, and Gross dividend.

Hintons

Supermarket Operators and Wine and Spirit Merchants in North East England. The unaudited Interim Results of the Group for 28 weeks to 17th September 1977 are:

BANK RETURN

Table with columns: BANKING DEPARTMENT, ASSETS, LIABILITIES, and ISLE DEPARTMENT.

Are you a Stock Exchange investor? Does your interest lie in the Far East, or Europe? Is gold your particular addiction?

The Property Market

BY JOHN BRENNAN

Insuring against voids

There were more than 13,000 business failures last year, and each bankruptcy or liquidation could have represented one or more voids in a property portfolio.

The failure rate underlines the problems faced by a landlord trying to tie up as secure a covenant as possible. And the collapse of Rolls-Royce hampered home the point that even the tightest vetting of tenants may not keep a landlord out of a creditors' queue.

There have been countless attempts to draw up leases that incorporate insurance cover against the risk of tenant default. But credit insurance is a tricky business, and few of these schemes have proved satisfactory.

Now, Credit and Guarantee Insurance has thought up a policy that seems to fill this gap in the market. CGI, one of the most inventive of the credit insurance groups, has launched a Tenant Default Indemnity scheme that covers commercial landlords against losses of rent, breach of covenants, repairs, re-letting expenses and so forth, if a tenant breaks his lease.

Mr. Victor Fowler, CGI's managing director, says that the new policy is aimed at both institutional and company property owners—who are covered against the costs of a void—and at the country's more than 100,000 smaller businesses. Although tenants have to pay the insurance premiums, Mr. Fowler believes

that directors will balance the costs of the policy against the alternative of having to give personal guarantees for lease commitments.

CGI, which has an impeccable pedigree—it is owned equally by the Prudential subsidiary Mercantile and General Reinsurance, The Dominion Insurance Group and the Dutch and Danish credit assurance companies—expects to charge tenants premiums in the 1 to 4 cent a year range.

Before it can accept a risk CGI has to carry out a credit investigation of the tenant, and as the insurer is bound by the weight of legislation on the privacy of insider information, it is able to ask for, and generally gets, far more detailed corporate information than a landlord could expect.

The scheme does appear to resolve one of the major problems of property management, and even before the policy has been formally marketed, CGI reports that institutional landlords are already beginning to show an interest in it as an effective way of handing over the job of checking the financial viability of tenants to experts in the field.

Property companies, and even property dealers, may follow the institutional lead as default indemnity becomes increasingly accepted as a strong selling point for a property.

After all, a "troublesome development" "prime" building is no more than one which provides a high security of rental income. And if the rent from an off-centre, low grade property can have the strength of the insurance companies around it, we may have

to start revising the categories of prime and secondary space.

Provident's mixed bag

After the near £20m. sale of Grasshopper Property Unit Trust's portfolio to General Accident, and this week's news that the Gas Board has paid around £17m. for Meakers' 76 vacant possession shops, Friends' Provident Life Office has joined the lists of portfolio salesmen.

Friends' Provident, advised by Hillier Parker, has put together a portfolio of prime shops, secondary offices and industrial space, and some very secondary development sites. It is offering the job lot for £8.13m., representing an initial yield of 7½ per cent.

Unlike Grasshopper or Meakers' Friends' Provident's offer is the first shot at the buoyant market for ready-made portfolios to include secondary space. And the insurer is touchy about the suggestion that the package is only trimmed with prime units in order to get rid of otherwise less saleable properties.

The offer follows last April's £8.5m. purchase of Land and House Property Corporation, a rescue bid made to resolve Land and House's problems with £14m. of overseas borrowings tied to a troublesome development programme in Frankfurt, Brussels and Austria. The insurer explains that it is busy "dis-membering" the property group, adding selected U.K. properties to its existing £90m. portfolio and selling the rest.

Land and House added around 100 properties to Friends' Provident's existing 200 buildings, and so the sale helps to ease management problems. It should also reduce the insurer's heavy bias towards properties in Essex. Many of its existing holdings are in the county, and Land and House operated in the Frinton, Clacton and Colchester areas before it became seduced by the export market.

The portfolio on offer consists of 43 properties ranging from £750,000 to £800,000 prime shop units in Oxford and Colchester down to three potential development sites—without planning permission—and properties that the agents value as low as £15,000.

Hillier Parker report that three institutions have been showing an interest in the entire portfolio and a number of hopeful buyers looking at individual properties. Interest in the prime space has been matched by interest in some of the longer secondary properties from private trusts looking for tax efficient investments.

The sale should be a good test of the market for ready-made portfolios. But the queue of underbidders for Meakers' prime shops, empty or not, is unlikely to form again for what the agents describe as the "management potential" of this rather mixed bag of properties.

At least Friends' Provident is consistent in its approach to secondary space. Last year it felt that prime property values had "advanced too far" and sold into the rising market. And earlier this year, commenting on the lower grade properties in the Land and House purchase, the insurer admitted that "these are secondary tertiary properties which nobody at present wants to buy, but we think that sector of the market shows very good chances for growth."

It remains to be seen whether buyers share Friends' Provident's

enthusiasm for the secondaries. Liquidator extraordinary Mr. Kenneth Cork will no doubt be keeping a keen eye on the outcome.

Industrial rents poised to leap

Industrial property ranks well ahead of offices and, along with prime shops as this year's fashion leader in the investment market. While there are ominous signs that shop property may already have been over-bought, and that prestige shop rents are vulnerably high, interest in modern factory and warehouse buildings goes from strength to strength.

Stockbrokers Vickers, de Costa add to the chorus of praise for industrials in a review of the property sector, published to-day. The brokers take a detailed look at the industrial market and conclude that rents could rise by 40 to 60 per cent. by 1980 giving the main industrial property companies, with their additional tax advantages, an edge over the rest of the sector.

Using Department of the Environment surveys and King and Company's statistics on factory and warehouse space, the report growth argument centres on the shortage of modern space. Only around 5 per cent. of the country's total industrial stock is vacant at the moment, and any increase in industrial activity would soon take up that slack.

New building is not bridging the supply gap. King's figures show a building rate of only 0.15 per cent. of total stock against a 7 per cent. compound growth in warehouse space from 1967 to 1974.

The brokers feel that industrial property companies' shares have not yet fully reflected the strength of the physical market, although having underperformed the sector between 1966 and 1973, the industrials have moved



Discreet enquiries about British market by an emb. from an Amsterdam economic research group recently suggest that D institutions may soon have Channel and the vagaries sterling in search of proper investments. In the mean Wereldhave, the Dutch party group 25 per cent. trobled by Robeco; continue continental buying spree a near £10m. acquisition Brussels.

The latest deal buy-out of the few British development success stories in that uni city. Wereldhave has be the majority interest in buildings in Rue de La totalling just under 140,000 ft. of air conditioned o completed three years ago private development headed by Mr. Jack Lundy, space is let on a nine-year indexed lease to the

broadly in line with the market ever since. Vickers favours weighting a property share portfolio with a fifth of industrial shares, roughly equivalent to their proportion of the sector's market capitalisation.

Looking at the individual companies, the brokers back Brixton Estate and Slough and in the rest of the sector they give "buy" recommendations for British Land, MEPC and Haalmore Estates.

In Brief . . .

There are signs of life again in the City Road area on the Northern fringe of the City. Legal and General has now completed its impressive refurbishment work on the old Liptons building at 161 City Road and is offering and

80,000 square feet of partially air conditioned offices with a 75 spaces car park for just over £6.50 a square foot. Agents Smith and Partners advised Cyp Melzak and Partners expect to let the building as one unit on a 25 year lease with five yearly reviews.

Also near the Old Street and City Road roundabout, a mile from the Bank of England, on the corner of East Road and Bewenden Street, N.1., the Ronald Lyon team at Ashville Properties have tied up the pre-sale of an office and distribution depot for Bowater.

Ashville has sold the latter site to Bowater for around £700,000, and the developer expects to hand over a 15,000 square feet warehouse and 7,500 square feet of offices to William Cuppy Sons, Bowater's "instant

paper" delivery business, by December. Leonard Green seated Ashville and Alan Jo and Partners advised Cyp

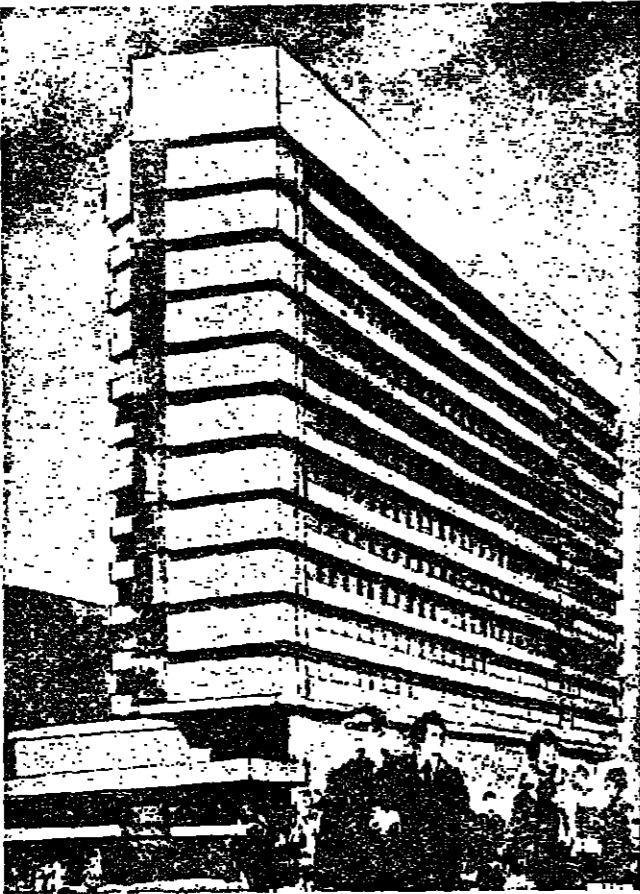
Reed Pension Trusts may broken at least the initial barrier for industrials w £3m. purchase showing an

mediate return of just 5.8 per Agents Richard Ellis e that heavy reversions due c four units, totalling 183,000 at "Elo's Holdings" Boleat

trial Estate in Hoddeston, fordshire give Reed an ec purchasing yield of over cent. Local industrial rent range up to £1.50 a sq. f "Elo's estate is let on an a rent of 96p a sq. ft. Ev

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WORLD SUGAR prices continued their recent upward surge on the London terminal market yesterday...

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wine

13.6%... ISSUES, Nov. 17... wine harvest in Community is 12.7m. hectolitres...

U.K. forestry expansion urged

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Talks on soya export ban

RIO DE JANEIRO, Nov. 17. SOYABEAN meal producers are due to meet the foreign trade department of the Bank of Brazil...

India to expand grain storage space

INDIA'S foodgrain storage capacity is to be substantially raised with a \$220m. project that will create space for an additional 3.5m. tonnes of grain...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Metals, Wheat, and other commodities. Includes prices for various grades and origins.

PRICE CHANGES

Table showing price changes for various commodities like Rubber, Sugar, and Wool. Columns include item name, price, and change.

U.S. Markets

Table showing U.S. market prices for various commodities like Cotton, Grain, and Oil. Columns include item name, price, and change.

THE C.C.S.T. WEEKLY MARKET REPORT

only to clients using our commodity breaking report gives fundamental news, interprets the financial situation in each of the major London commodity futures markets...

ANY NOTICES

NOTICE TO SHAREHOLDERS... NOTICE IS HEREBY GIVEN that the annual general meeting of the company will be held on the 15th day of December 1977...

COFFEE

Strength in New York again prompted initial gains on the London terminal market...

SILVER

Silver was used 0.50 an ounce higher for spot delivery in the London bullion market...

COCOA

Domestic contract Commission House business prices fell to rally significantly and closed with only modest gains...

SOYABEAN MEAL

The market opened the week reflecting a bullish mood. Values gradually drifted higher...

Wool Futures

Wool futures prices were mixed in London yesterday. The market was encouraged by the prices obtained by San Domingo and El Salvador...

SUGAR

WORLD DAILY PRICES—Raw sugar prices were mixed in London yesterday. The market was encouraged by the prices obtained by San Domingo and El Salvador...

MEAT/VEGETABLES

MEAT/VEGETABLES... The market was mixed in London yesterday. The market was encouraged by the prices obtained by San Domingo and El Salvador...

Textile accord with Indonesia

THE COMMON MARKET has reached agreement with Indonesia on regulating its future textile exports to the Nine, EEC sources said yesterday...

FINANCIAL TIMES

Nov. 17 1977... 240.85 440.44 231.08 246.10

FORESTRY MEN MORE OPTIMISTIC

By Ray Parnham... THE GOVERNMENT'S recognition of the importance of forestry to the economy was a major factor contributing to the optimism in the industry...

STOCK EXCHANGE REPORT

Gilt-edged unsettled by fresh currency uncertainties
Beecham statement trims index fall to 3.3 at 481.0

Account Dealing Dates
Option
*First Declared Last Account
Dealings from Dealings Day
Oct. 31 Nov. 10 Nov. 11 Nov. 22
Nov. 24 Nov. 24 Nov. 25 Dec. 6
Nov. 18 Dec. 8 Dec. 9 Dec. 20

Stock markets were still very uncertain yesterday with the present over-riding worries about the outcome of the current pay round being added to reports that wage settlements are already above the guidelines and are likely to meet increasing pressure in coming months.

However, after the run of poor trading reports from leading companies, the interim statement from Beecham steadied equities yesterday and prices of the lenders at the close showed only narrow irregular movements for the most part.

British Funds, already dull, came on offer in the late trade and ended with falls to 13, sentiment being undermined by some sizable selling in long-dated stocks ahead of the start of deals in the new long lap and on some concern about the latest banking figures due for publication to-day.

Overall trade was again pitifully small as seen in official markings of 4,323—only slightly above Wednesday's 4,272 which was the lowest total for about five months.

British Funds lost ground on a broad front yesterday. Unsettled at the start by the indications that recent wage settlements have exceeded the Government's 10 per cent. guidelines and, with the market becoming a little nervous in front of the money supply and construction issues continued lower.

the prevailing uncertainty, as did doubling ahead of the latest bank figures, while the late afternoon announcement that the firm's dispute remained unresolved also adversely affected sentiment. Losses in the shorts extended to half a point, the Treasury 81 per cent. 1982, rising that amount to 97. In contrast, Corporations recorded fresh gains of 1, while in recently-issued Fixed Interest stocks, Industrial and Commercial Finance 11 per cent. 1983, improved 1 to 30.

Trading in the investment currency market was mostly small and fairly routine for much of the day and the premium slipped lower to 96 1/2 per cent. However, business was enlivened in the afternoon on institutional demand and the rate moved to 99 1/2 per cent. before settling a net 1/2 up at 99 1/2 per cent. Yesterday's SE conversion factor was 0.7232 (0.7234).

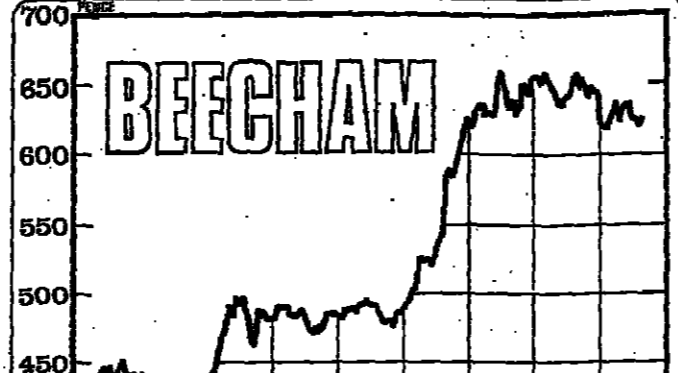
Distillers good
Distillers had a busy session, interest being enlivened by Treasury 81 per cent. 1982, rising that amount to 97. In contrast, Corporations recorded fresh gains of 1, while in recently-issued Fixed Interest stocks, Industrial and Commercial Finance 11 per cent. 1983, improved 1 to 30.

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interim results should have referred to Redland which closed 23 1/2p. Elsewhere, APV added 3 to 21 1/2p following Press comment and Leon Berner hardened a penny to 18p on the satisfactory preliminary results. In Shipbuilding, Swan Hunter improved 4 to 15 1/2p.



Associated Dairies remained a dull market in Foods, losing 10 to 23 1/2p for a two-day loss of 52. Hilliards eased 3 further to 26 1/2p, while William Morrison, 21 1/2p, and J. Sainsbury, 19 1/2p, both closed 6 cheaper. J. Lyons gave up 3 to 11 1/2p following news of the planned disposal of an Amsterdam hotel. Amos Hirst provided a bright contrast at 9 1/2p, up 4, after 10 1/2p, on the substantially increased first-half profits. Gains of 5 were seen in Barrow Milling, 5 1/2p, and Rowntree Macintoshes, 4 1/2p, while J. B. Eastwood hardened 3 to 10 1/2p.

Leisure and General featured Hotels and Caterers with a jump of 20 to 66p following the 60p share cash offer from Leadbroke, 2 easier at 18 1/2p; First Castle Securities, a substantial shareholder of L and G, rose 9 to 32 1/2p in sympathy. Gains were received with a rise of 2 to 25p, while further consideration of the interim statement left Warner Holidays 4 1/2p cheaper at 24p.

Beecham dip and rally
With recent disappointing trading statements from leading companies still in mind, the market in Beecham was fairly jittery in front of the interim results and the price fell to 60 1/2p; however, the announcement of interim profits well up to expectations brought a strong recovery to 62 1/2p. Elsewhere, Wedgwood gave up 8 more at 21 1/2p in front of today's interim announcement. Hay's

Properties were barely altered. Land Securities held steady at 20 1/2p following comment on first-half results, while Town Centre Securities were also unchanged at 50p, the improved annual profits having already been discounted. Press comment helped Darrington Investment gain 2 1/2 to 42p. Bellway shed a penny to 39p after news of the large losses in France. Caledonia Investments featured lacklustre investment trusts with a rise of 7 to 22 1/2p on the interim statement. Edinburgh and Dundee rose 2 to 14 1/2p awaiting developments in the bid situation, but Camulus eased a like amount

Wharf rose afresh to 196p on speculative support before profit-taking left the price unaltered on balance at 188p. Good trading statements left gains of a penny or two in Value, 40p, J. W. Spence, 230p, Amber Industrial, 16p, Braby Leslie, 5 1/2p, and Black Arrow, 29p. Bid hopes helped a gain of 2 to 5 1/2p in Associated Leisure, while other firm spots included Centrewear, 9 up at 13 1/2p, and Norton and Wright, 15 the good at 14 1/2p. Elder Industrial, however, lost 15 to 21 1/2p.

Motors and Distributors had little to commend them. Godfrey Davis were dull late at 78 1/2p, down 4, on the bearish statement which accompanied the satisfactory interim figures. Crane Franchise, at 9 1/2p, gave up a penny of the previous day's rise of 8 which followed the counter-bid of 90p from Fruehauf Corporation; Inchcape revised offer with a cash element of 35p net share cash offer after market hours. Group Lotus came on offer at 4 1/2p, down 5. York Trailer, however, edged forward 2 to 7 1/2p with the help of a Press mention.

Other firm spots included Jones Wharfedale, up at 23 1/2p, and Dowty, 6 higher at 14 1/2p. North Sea oil stocks lost ground among Newspapers. Daily Mail and General A, a firm market of late on demand ahead of the interim figures on November 29, ran back 5 to 32 1/2p.

Shell sold
Leading Oils began the day on a firmer note, but this was quickly dispelled on news of the Shell/Royal Dutch group's third-quarter figures which were deemed disappointing. Shell fell back sharply from 57 1/2p to 56 1/2p after the announcement before closing a net 1 1/2 lower at 56 1/2p. Royal Dutch, however, held up and, with help from late firmness in the dollar premium, finished 1/2 higher at 23 1/2p. Elsewhere, BP gave up 1/2 to 21 1/2p, while further consideration of the interim statement left Warner Holidays 4 1/2p cheaper at 24p.

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FINANCIAL TIMES STOCK INDIC.

Table with columns for various stock indices: Government Sec., Fixed Interest, Industrial Ordinary, Gold Mines, Ord. Div. Yield, etc.

10 a.m. 481.0, 11 a.m. 481.0, Noon 481.7, 1 p.m. 482.7, 2 p.m. 481.8, 3 p.m. 481.8, 4 p.m. 481.8, 5 p.m. 481.8

Table titled 'HIGHS AND LOWS' showing price ranges for various stock categories like Govt. Sec., Fixed Int., Ind. Ord., and Gold Mines.

Table titled 'OPTIONS TRADED' showing details for various options contracts including call and put options for different stocks.

Table titled 'RISES AND YESTER' showing price changes for various stock categories.

Table titled 'NEW HIGHS AND LOWS FOR 1977' listing various stocks and their performance metrics for the year.

FINANCIAL EXPERTS REASSESS COMMODITIES—HAVE YOU? Free reprint of an article comparing results of investments in commodities with alternatives will be sent to you if you complete and return this coupon.

RECENT ISSUES
EQUITIES
Table listing recent stock issues with columns for Issue Price, Amount, etc.

FT—ACTUARIES SHARE INDIC
These indices are the joint compilation of the Financial Times, the Institute and the Faculty of Actuaries.

APOLLO
The world's leading magazine of Arts and Antiques
Edited by Denys Sutton
Published Monthly price £1.50 Annual Subscription £21.00 (inland)

FIXED INTEREST STOCKS
Table listing fixed interest stocks with columns for Issue Price, Amount, etc.

EQUITY GROUPS
Table showing performance of various equity groups like Capital Goods, Building Materials, etc.

FINANCIAL TIMES
BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4A 3DF
Telex: Editorial 886441/7, 885887 Advertisements 886805, Telegrams: Financial Times, London P54

ACTIVE STOCKS
Table listing active stocks with columns for Stock, Denomination, Closing, etc.

FIXED INTEREST PRICES INDICES
Table showing prices and yields for various fixed interest instruments.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds, their managers, and performance metrics.

Table of Offshore and Overseas Funds listing international investment options and their details.

CLIVE INVESTMENTS LIMITED - Guide as at 31st November 1977 (Base 100 at 14.11.77)

Table showing Insurance Base Rates for various property and casualty insurance types.

Table showing Base Lending Rates for various financial institutions and services.

Table showing Gold Price Movements with weekly and monthly price changes for different gold products.

Table showing various market prices for commodities like flour, sugar, and other goods.

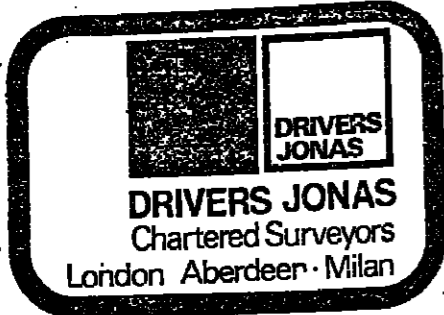
INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products from multiple providers.

NOTES

Notes and disclaimers regarding the insurance and investment products listed.

FT SHARE INFORMATION SERVICE



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DRAPERY AND STORES—Cont.

ENGINEERING—Continued

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Table of American Stocks (Continued) with columns for High, Low, Stock, Price, Div, and Yield.

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Table of Hire Purchase, etc. with columns for High, Low, Stock, Price, Div, and Yield.

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Table of Drapery and Stores with columns for High, Low, Stock, Price, Div, and Yield.

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Table of Chemicals and Plastics with columns for High, Low, Stock, Price, Div, and Yield.

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Table of Cinemas, Theatres and TV with columns for High, Low, Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores (Continued) with columns for High, Low, Stock, Price, Div, and Yield.

DRAPERY AND STORES—Cont.

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ENGINEERING

Table of Engineering with columns for High, Low, Stock, Price, Div, and Yield.

ENGINEERING MACHINE TOOLS

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Table of Industrial (Miscellaneous) with columns for High, Low, Stock, Price, Div, and Yield.

INDUSTRIALS

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INDUSTRIALS

Table of Industrials (Continued) with columns for High, Low, Stock, Price, Div, and Yield.

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INDUSTRIALS

Table of Industrials (Continued) with columns for High, Low, Stock, Price, Div, and Yield.

Main table of stock prices and financial data, including columns for High, Low, Stock, Price, Div, and Yield.

مكتبات الأصيل

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Table of industrial stocks including various companies and their share prices.

INSURANCE—Continued

Table of insurance stocks including various insurance companies and their share prices.

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Table of investment trusts including various fund companies and their share prices.

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NOMURA The Nomura Securities Co., Ltd. Japan's leader in international securities and investment services.

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Table of investment trusts.

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Table of finance and land-related stocks.

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Table of stocks in the diamond and platinum sectors.

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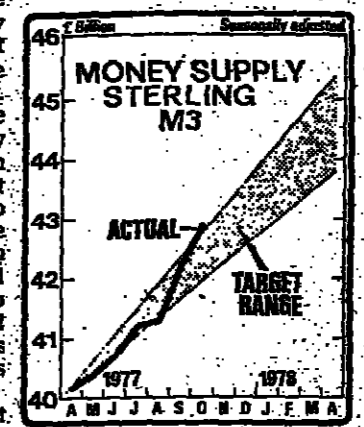
Table of finance-related stocks.



THE LEX COLUMN

M3 and the bank lending puzzle

Index fell 3.3 to 481.0



The 11 per cent rise in sterling M3 during the October banking month was exactly as anticipated, and it was not the rise in this measure of the money supply to a point slightly outside the Government's target growth rate that upset the gilt-edged market yesterday.

It is possible to argue that the lending jump is an aberration, perhaps reflecting temporary borrowing to finance purchases of gilts during the September upsurge. But there were also grounds for expecting bank lending to have been depressed, for not only is the economy showing no signs yet of an upturn, but currency inflows accruing to the corporate sector should have reduced the demand for sterling finance.

with the same period of 1976, and in fact Shell reports a slight volume decline from second quarter levels. This has been especially noticeable in Europe, where fuel oil demand has been depressed, and perhaps has reflected a slowing of activity in the chemicals industry.

recently acquired Calnes of the U.S., which has a small pre-tax profit of 30 per cent of Beecham over is in the U.K., the market contributed only of the £12m. increase in profits. Part of the reason is the effect of the summer on soft drink Overseas operations, accounted for about 10 per cent of profits, benefits increased sales of products in Malaysia, East and Nigeria, while central sales were well Japan, Africa, and the Middle East.

B & C Shipping Fears about British monoworld's South Africa operations and consequent involvement in the shipping crisis have well over a fifth of the market capitalisation last six weeks. But ye interim statement profits rose by 14 per cent to £1.9m—helps put B. changing profile into perspective.

After nine months net income on the reported basis is 44 per cent higher at £1,055m, or just 14 per cent better at £1,000m, ex FAS 8. There are still some optimistic hopes for £1,500m for the full year, for a prospective p/e of around 5½ at 582p, but other estimates are down in the £1,300m region.

Analysts who have seen one estimate's prediction after another knocked down by the recent spate of disappointing company results can at least take heart from yesterday's interim figures from Beecham. The group was exactly on target with pre-tax profits of £71m, an increase of 19 per cent on the corresponding period after all the figures have been restated at March 1977 exchange rates. Sales are up about 20 per cent at £418m, with some volume growth in all main product areas.

Callaghan will visit India in January

BY K. K. SHARMA NEW DELHI, Nov. 17.

MR. JAMES CALLAGHAN will visit India for five days in January. He will be the first British Prime Minister to come here since independence three decades ago. Indian Prime Ministers have been to London on several occasions.

Relations between India and the U.K. have improved markedly since the election last March brought the Janata Party to power. Hopes were being expressed in London that the visit would cement and improve ties between the two countries.

Search to find new NEDO chief goes on

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A DISAGREEMENT among politicians, civil servants and union leaders over whether the next director-general of the National Economic Development Office should be a civil servant or an industrialist has seriously delayed the appointment of a successor to Sir Ronald Meintosh who gives up the job next month.

The search has been intensified since his resignation was announced a month ago. No trade union leader has shown any interest in being appointed. The only industrialist's name to surface as a possibility is Mr. Ray Pencock, a deputy chairman of ICI and chairman of one of the CBI's economic committees.

Mr. Pencock has made it clear to those involved that he has no interest in taking the post. A similarly categorical rejection has come from the most senior civil servant whose name has been mentioned, Sir Peter Carey, the

Labour row over whip on Europe poll issue

By Richard Evans, Lobby Editor

MR. JAMES CALLAGHAN, Prime Minister, and the Cabinet have decided to push Labour anti-marketisers as far as they dare by imposing a whip for the second reading next Thursday of the Bill implementing direct elections to the European Parliament.

The decision was reached by the Cabinet yesterday because of Liberal pressure on the Government to legislate on direct elections as quickly as possible preferably including a regional list system of proportional representation.

But as the Cabinet also confirmed yesterday that a free vote will be allowed on the method of election and there will be no whipping, the Liberals may not be satisfied with the extent of the Government's commitment.

The two line whip to be imposed for the second reading means that all Labour Ministers and MPs will be expected to vote for the Bill, but that abstention will be possible on the grounds of conscience and known fierce opposition to the principle of the Bill. What will not be acceptable will be a vote against the legislation.

The second reading of the Bill is assured because of overwhelming support from Conservatives who have imposed a three line whip.

The increase, which adds not more than £11m. to the present pay bill of £110m, has been criticised by the Association of Broadcasters Staff for discriminating against staff working non-standard hours.

M3 growth goes above target

BY MICHAEL BLANDEN

FOR THE first time this year the growth of the money supply has moved above the top end of the Government's target range, as a result of heavy inflows from abroad and a renewed jump in bank lending.

The figures underline the reasons for the decision at the beginning of this month to allow the pound to float upwards to choke off the inflows.

The sterling element of money stock on the wider definition (M3) increased £741m, (1.8 per cent.) on a seasonally-adjusted basis in the four weeks to mid-October, after a 2.1 per cent increase in the previous month.

As a result sterling M3 has risen by just less than 7 per cent in the first six months of the financial year, equivalent to an annual rate of about 14½ per cent. This is significantly higher than the target range of 9-13 per cent to which the authorities are committed.

Next two months It is expected, that the growth of the money supply will remain relatively fast for two months. The heavy inflows from abroad continued until the end of October, and these will be reflected in the statistics for the mid-November banking month.

The central Government borrowing requirement, which has been running at unexpectedly low levels, will be boosted as a result of the tax concessions given in last month's economic package.

Mr Denis Healey, the Chancellor, said in last week's economic debate that "the growth of sterling M3 will be kept close to the preferred range of 9-13 per cent." But he pointed out that fluctuations should be expected from time to time.

It is becoming increasingly likely that next year a more flexible system of rolling monetary targets will be adopted instead of the present fixed annual rate. The authorities are also getting more frequent returns on figures for domestic credit expansion—the main measure being monitored by the International Monetary Fund—are now available, though until more experience has been gained with them they are difficult to interpret.

The DCE figures continue to run well below the £7.7bn. ceiling for the current year. Last month domestic credit expanded £299m, after seasonal adjustment. This was rather more than in recent months, but in the

Table: GROWTH OF THE MONETARY AGGREGATES (£m.)

* To private sector in sterling. Source: Bank of England.

first six months of the year DCE was only £1.18bn. The rise in sterling M3 was about £2.7bn. The difference from DCE being more than accounted for by inflows from overseas into the non-bank private sector.

The main boost to domestic credit last month came from a jump of £597m. in bank lending since a large part of last year's offer of £125m. lapsed. Indian Ministers have discussed the use of aid with Mrs. Judith Hart, Minister for Overseas Development. They have assured her that the full amount will be used this year.

previous month's relatively small rise. This more than offset a drop in public sector borrowing, with the general public's purchases of public sector debt easily covering the borrowing requirement.

Delay on new monetary limits

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

FINAL decisions on the ceilings for requirement and domestic credit expansion for the financial year 1978-79 may be delayed until early next year.

The specific figures may not, as previously expected, be hardened up during the talks between the Treasury and the International Monetary Fund which will start on Monday.

This highlights the improvement in the U.K.'s standing and the relaxed manner in which the talks are being viewed this year, compared with the tense and protracted discussions a year ago, when the standby credit was arranged.

The postponement of a decision on the detailed guidelines has emerged as a possibility as members of the Fund team begin to assemble in London.

The talks, which are expected to last a fortnight, will cover the general prospects for the economy, in particular inflation and monetary policy, as well as the question of whether the U.K. will repay part of its large outstanding debts to the Fund soon.

Some officials in London are believed to favour leaving both the borrowing and domestic credit ceilings vague for the moment and waiting until the inflation prospects become clearer. But the question of timing is still open and will partly depend on the Fund's views. There is no intention of fixing the money supply target, a Government rather than a Fund guideline, until next spring.

Last December's Letter of Intent set out figures regarded as central forecasts for 1978-79—£8.6bn. for borrowing and £6bn. for domestic credit.

While the latter may have to be adjusted to take account of the more cautious view of next year's current account surplus, the latest borrowing projection for 1978-79 of £7bn. leaves room for more income tax cuts in the budget next spring.

The Fund team—headed as last year by Mr. Alan Whitmore—is expected to want to know more of the Government's intentions on monetary policy, for example, the nature of any switch to a rolling system of money supply targets.

Early repayment of the existing debt is more of an issue for the Fund than the U.K. since the IMF's own resources are rather strained at present, partly because of the delay to the ratification by the U.S. Congress of the new Witteveen facility.

Consequently, the Fund might be grateful for a repayment of some of the U.K.'s borrowings. Talks in the near future are likely to focus on the \$800m. first tranche received early last year. But this is still only an idea for discussion and may not be decided until next year. The standby facility negotiated last December will remain in being, though the U.K. has decided to limit its drawings to about £1.9bn. out of \$3.5bn. available.

It has not yet been decided how the results of the talks will be announced.

Royal Dutch/Shell

A sluggish pattern in the world economy is inevitably reflected in the third quarter figures from the Royal Dutch/Shell group, with net income on an underlying basis (excluding the FAS 8 currency adjustments) slipping to £314m. from £349m. in April-June, although July-September is Shell's seasonally most favourable quarter.

Outside North America there was no overall five-month trading for the

Advertisement for Tokai Bank featuring a cartoon and text: 'A few words about Tokai Bank's expanding international operations. As you might know, Tokai Bank is one of the leading banks in the world with over 15,000 employees and 200 offices established in Japan itself.'

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Seamen

out the industry as many workers already receive more than minimum rates. Pauline Clark writes: The BBC announced yesterday it was to implement a pay offer made to its 25,000 weekly and monthly paid staff four weeks ago but which has been rejected by the unions.

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Japanese curbs

ington by Mr Robert Strauss, the U.S. Special Trade Negotiator. Mr. Strauss told Mr. Junya Kamei, Secretary-General of the Komei (Clean Government) Party, that Japan-U.S. economic relations would reach "bursting point" unless Japan took far more effective action to increase its imports.

failure to increase imports came to-day with the release of balance of payments figures for October which show imports down by 8 per cent on the same month of 1976 to ¥1,299,500, and exports up by 1 per cent to ¥1,773,700.

The resulting visible trade surplus of ¥473,200, (\$1,550m.) was the second largest in Japan's history, running short of the July surplus of \$2,045m., but also of the September surplus of \$1,693m.

Francis Chiles adds: The measures announced in Tokyo had no effect at all on the Japanese U.S.-denominated Euro-yen. Where they did have an effect, however, was on the price of the two Euro-Yen bonds. The World Bank issue moved up by three quarters of a point to finish the day at 104-105 (compared with an issue price of par). The EIB issue moved ahead by a full point to close at 108-109.

Weather section containing UK TO-DAY, BUSINESS CENTRES, HOLIDAY RESORTS, and SHOWER AND SUNNY INTERVALS.